State of Colorado

Application for Neighborhood Stabilization Program 2

Application ID number: 977319777

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STATE OF COLORADO NEIGHBORHOOD STABILIZATION PROGRAM 2

APPLICATION SUMMARY

This NSP2 Application is another significant step in the continuing efforts of the State of Colorado through the Division of Housing to convene, lead, and coordinate the State's response to the foreclosure crisis affecting so many areas of our state.

Neighborhoods in all parts of Colorado are facing the destabilizing impact of significant foreclosure and abandonment. Just as a large city or county seeks to respond to the foreclosure crisis that strikes a variety of its neighborhoods, the State of Colorado has drawn together partners from various neighborhoods under the umbrella of this consolidated application for NSP2 funds. What unites the state and its partners in developing an overall stabilization program is the commitment to focus these vital resources to respond to the needs of distressed families seeking affordable housing as the basic building block of returning to success and prosperity in the new economy that Colorado is endeavoring to create.

Participating partners have identified specific disadvantaged populations that will be the focus of outreach and marketing efforts as well as jobs created by NSP2.

In Englewood, participants in the Family Self Sufficiency program who have prepared for home ownership will find units fully rehabilitated including cost effective energy features that will help ensure successful tenure rather than falling into a trap in a marginal property with looming maintenance issues.

Longmont will collaborate with its partners such as the Boulder County Family Self-Sufficiency Program, Center for People with Disabilities, the PIE Program (IDA matched savings program), the local Veteran's Services agency and the local Housing Authority for families with low HAP payments under the Housing Choice Voucher program for potential families that are credit worthy and ready for home ownership opportunities. The city operates two Homeownership Programs serving families with incomes in the 60% to 80% AMI range. In addition, all city assistance for rental housing development is required to keep the units affordable at 50% AMI or below with most at 40% AMI.

The SE area of Colorado Springs and Fountain efforts will build on the ADI programs that work with veterans and wounded warriors, providing jobs and housing as part of their comprehensive peer navigator program that provides one-on-one mentors for veterans and their families.

Proposed Target Geography - The State's partners in this effort and the specific proposed stabilizing actions include:

Denver Metro Target Areas

Denver - Denver's NSP 2 will target 20 census tracts with over 3,700 homes in foreclosure. On average, the foreclosure rate for these census tracts is nearly 18%. At least 15 housing units in foreclosure will be purchased, rehabilitated and sold to individuals or non-profit orgs. Denver will also provide second mortgages to enable homebuyers to purchase rehabilitated homes. Estimated Cost - \$2,925,000

Englewood - The NSP2 Project will acquire 10 single-family, vacant, foreclosed properties that are located within 7 target census tracts in the City of Englewood. The properties will be sold to families with priority to families at or below 50% AMI who are participating in local family self-sufficiency programs. Down payment assistance will be available to purchasers requiring such assistance. Estimated Cost - \$3,200,000

Longmont - Acquisition, rehabilitation, and resale of 10 homes is proposed. Estimates are that 3 will require minimal rehabilitation, 3 moderate rehabilitation and 4 needing substantial rehabilitation before being sold to income eligible households (up to 120 of area median). Longmont will also seek to acquire and rehabilitate 15 units of rental housing.

Estimated Cost - \$3,612,800

Other Urban Target Areas

Colorado Springs - Colorado Springs plans to acquire and rehabilitate 10 single family foreclosed homes in the SE target areas. Estimated Cost - \$2,300,000

Fountain – Colorado Springs - Funds will be used to purchase four multi-family developments easily accessible to Fort Carson and other SE-area families, renovating them, and creating low- and middle-income family rental housing as well as job opportunities for our wounded warriors and disadvantaged individuals. These properties will be renovated over a three year period. After renovation, housing units will be rented to eligible families.

Estimated Cost - \$20,000,000

Greeley - Funds will be used to acquire, rehabilitate and resell (or rent) approximately 18 foreclosed properties located in 6 census tracts with significant numbers of foreclosed property. The properties will be sold to eligible buyers. Funds may also be used to provide mortgage assistance on favorable terms to assist eligible purchasers.

Estimated Cost - \$3,030,000

Milliken - Funds will be used to acquire, rehabilitate and resell (or rent) approximately 6 foreclosed properties located in Milliken. Estimated Cost - \$1,125,000

Pueblo - Pueblo will undertake NSP2 funded activities in two target areas, referred to as the Southside (Bessemer) and Eastside neighborhoods. Proposed activities include the acquisition, rehabilitation and resale of 15 single family homes, the redevelopment of 10 single family lots, and may also include two multi-family complexes.

Estimated Cost - \$6,130,000

Pueblo County (Pueblo West) - Proposed activity involves acquisition, rehabilitation, and resale of approximately 6 foreclosed homes in the Pueblo West area where 3 census tracts show high foreclosure activity. Funds will also be available to provide down payment assistance to eligible buyers. Estimated Cost - \$966,000

Rural Target Areas

Bent-Crowley-Otero County - This target area includes 9 census tracts with an average foreclosure/vacancy risk score of 18.67. Through Tri-County Housing, 12 units will be purchased, rehabilitated and resold to eligible families. Estimated Cost - \$1,320,000

Grand County - Funds will be used to acquire five to six abandoned/foreclosed properties in Grand Lake and deed restrict the units that will be available for resale to households meeting income levels at or below 120% of AMI, with the average anticipated about 90% of AMI.

Estimated Cost - \$1,000,000

Walsenburg - Acquisition of 7 homes will be completed with 4 made available for rental through the local Housing Authority and 3 sold to income eligible buyers. Estimated Cost - \$1,395,000

Use of NSP2 Funds - Budget Summary

ACTIVITY TYPE	BUDGET
Financing Mechanisms	\$1,085,000
Acquisition-Rehabilitation-Resale (Rent)	\$40,953,800
Land Bank	\$0
Demolition	\$0
Redevelopment	\$4,965,000
SUBTOTAL (90%)	\$47,003,800
Administration (State & Partners – 10%)	\$5,222,644
TOTAL	\$52,226,444

Factor 1: Need/Extent of the Problem (40 points)

a. Target geography. (10 points; also a threshold factor)

The geography in which the NSP2 program will be carried out is specified by the census tracts listed in Appendix 1.

1. a. Target Geography Narrative

Colorado began to experience significant foreclosure increases in the fall of 2005. In 2006, Realty Trac ranked Colorado Number 1 in the nation, indicating that one in every 376 households was in foreclosure. The increase of completed foreclosures in Colorado from 2003 to 2008 has been 235% rising from under 15,000 to 40,000, with signs of let up for 2009. The initial wave of foreclosure was substantially driven by over supply of new housing units, coupled with poor lending practices. With the success of the Colorado Foreclosure Hotline, steady job growth and relatively low unemployment the rate of completed foreclosures abated in 2008. Now with a deeply depressed national and local economy, unabated rise in unemployment and job loss, Colorado faces a continuing stream of foreclosure filings and sales.

The most accurate data on Colorado foreclosures comes from the quarterly report of the Colorado Division of Housing, based on direct data from the Public Trustee (the local agency responsible for Colorado's non-judicial foreclosure process) of each county. Unlike other data sources, it accurately reflects the separate data for foreclosure filings and foreclosure sales, where sales in a specific quarter generally reflect filings one or more quarters previous. The report for the 1st quarter of 2009 shows filings increased 13% or 10,734, compared to 4th quarter 2008 (p.2). Completed foreclosures continue to fall, and have fallen quarter-over-quarter for the past three quarters. New foreclosure filings are on pace to roughly equal totals for both 2007 and 2008. Completed foreclosures, however, have come in below 2007 quarterly totals since the 2nd quarter of 2008. Completed foreclosures have fallen each quarter since the 3rd quarter of 2008, but new foreclosure filings have increased each quarter since the 3rd quarter of 2008 (p.5). Many options other than foreclosure sale exist once a filing occurs, including short sales, reported as increasingly common, deed-in-lieu of foreclosure, as well as cure of the delinquency or loan modification.

The stabilization needs of individual neighborhoods can be blurred by the broad picture of county-wide data. From the individual neighborhoods of larger communities to entire localities of smaller jurisdictions such as Milliken and Walsenburg, the qualifying data reflect the reality that clusters of foreclosures devastate households and communities.

Colorado and the targeted neighborhoods in this program generally reflect the national trends of tighter credit and unemployment. Overall the Colorado housing market has been more stable than most, reflecting more limited price inflation and over-building.

All of the selected target areas bear the cumulative impact of more than three years of high level foreclosure. In summarizing the nature and extent of need for stabilization, target areas fall into three broad groups: Denver Metro, Other Urban (Front Range) and Rural.

Denver Metro Target Areas

<u>Denver</u> - The cluster of high-priced sub-prime loans, especially those originated from 2004-06, correlates strongly with the target areas experiencing high foreclosure rates and thus selected for NSP2 resources to supplement NSP1 (Denver and Colorado), other NSP2 funds being sought, and other resources. On average, the foreclosure rate for these census tracts is nearly 18%. The neighborhood areas comprising 20 census tracts are in three clusters that have experienced higher foreclosure rates compared to the rest of the city in the past seven years:

Northeast – Montbello (CTs 83.04, 83.05, 83.06, 83.11, 83.12) and Green Valley Ranch (CT 83.03).

North-Central - Globeville (CT 15.0), Chaffee Park (CT 2.01), Sunnyside (CT 11.01), Cole (CT 36.01), Clayton CT 36.02) NE Park Hill (CTs 41.01 and 41.02), and Elyria-Swansea (CT 35.0).

Southwest - West Colfax (CTs 7.01 and 7.02) Westwood (CTs 45.01 and 45.02) and Villa Park (CTs 9.04 and 9.05)

The housing stock in the northeast is much newer and demolition and redevelopment is not expected. However, the west side neighborhoods contain much older housing stock that is often substandard, but often on larger lots that may allow for denser development. Denver anticipates demolition only as a last-resort. The rate of foreclosure filings has increased from 0.8 percent in 2000 to 5.9 percent in 2007with the highest foreclosure rate increase in a specific ct went from 3 to 13 percent from 2000-07. At the same time, the highest foreclosure rate found in a census tract increased from 3 percent in 2000 to 13 percent in 2007. While information on concentrations of foreclosures in Denver can be used to target outreach and intervention programs, the reasons that foreclosures are clustered in these areas stems from the distribution of high-priced subprime loans.

Based on the interest rates of loans entering foreclosure in Denver, the proportion of loans in foreclosure filings that are classified as subprime or high-priced increased dramatically between 2004 and 2006. In fact, for loans originated in 2006 that have entered the foreclosure process, almost 50 percent have interest rates that are classified as high-priced or subprime. This classification includes both FRM and ARM subprime loans. A tally of all loans originated in Denver from 2004 to 2006 shows high-priced loans clustered in northeast, north-central and southwest Denver. Not surprisingly, these areas also have higher foreclosure rates and densities. A statistical analysis of the relationship between high-priced loans and foreclosure rates for 2004 and 2007 indicate a positive correlation of between 64 and 69 percent.

<u>Englewood</u> – Census and school district data suggest that there are several factors contributing to the high foreclosure rate in Englewood. As a small community the housing market conditions do not vary significantly from census tract to census tract. The City's Real Estate Report for the first quarter of 2009 showed a continuation of the three-year trend towards fewer home sales and lower median home prices with median home prices in the first quarter of 2009 seven percent below the Metro Denver median price.

Census Bureau 2005-2007 American Community Survey estimates that Englewood as a whole had 80.7% of households at or below 120% AMI, with 73.2% of Englewood households were at or below 50% AMI. While unemployment data is not available at the census tract level, the provision of free or reduced price school lunches is a reasonable proxy for under or unemployment in these target areas. USDA school lunch program serves students with a family income up to 185% of the poverty (poverty level for a family of four is \$21,200; 185% of this poverty level is \$39,220, slightly more than the 50% of AMI (\$38,000) for a family of four). These the factors compound the City's foreclosure problem making Englewood housing less attractive to price sensitive homebuyers and potentially prolonging recovery without City intervention.

Englewood has identified two target areas as most critically affected by foreclosures. Both areas are sandwiched between the City's primary commercial and industrial corridors on the western side of Englewood and separated by the City's major east-west arterial, US285.

Northwest Englewood is comprised of CT's 55.51 and 57. This area has historically been one of the most economically disadvantaged in the entire City. Income levels are low with a median household income ranging from \$34,872 to \$39,196. Unemployment and/or underemployment are major contributing factors to distressed housing in Englewood generally and these CTs in particular. School district data reported an increase in the percentage of students eligible for free or reduced school lunches by 13%. The Arapahoe County Public Trustee recorded 22 foreclosure filings from 1/1/09 to 7/109, with 12 foreclosed properties sold.

Southwest Englewood is comprised of CT's 55.53, 60, 62, 64, and 66.01. This, the larger of the two target areas, exhibits a broader range of housing by type and value while showing signs of impact due to foreclosures similar to the Northwest Englewood target area. Income levels are low to moderate with a median income ranging from \$26,685 to \$45,945. Unemployment and/or underemployment are also major contributing factors to distressed housing. School districts reported an increase in the percentage of students eligible for free or reduced school lunches from the 2006-2007 school year to the 2007-2008 school year. All three schools serving the area reported population eligibility ranging from 56.5 to 89.7%. According to the Arapahoe County Public Trustee, between 1/1/09 and 7/1/09, 22 residential properties commenced the foreclosure process and 123 foreclosed properties were sold.

Longmont - Longmont's NSP 2 target area is comprised of 6 CTs located to the north and east of the Central Business District, the area hardest hit by foreclosures in Longmont. The area transitions from majority rental (including many single family homes) on the west to predominantly homeownership farther east. The area is served by several neighborhood parks and a regional park. Shopping is abundant with several neighborhood and regional centers located in the area. Bus lines run throughout the area with good connectivity to the rest of the city and to the regional hubs and many greenway and bike paths are also located in this area. Significant infrastructure improvements are committed to this area over the next three years and the area includes the Mid-Town comprehensive Neighborhood Revitalization Area. Several indicators demonstrate the impact of foreclosures and the need for stabilization. The core CT of the target area is within the NRA, with foreclosure filings increasing 106% from 2006 to 2009 (City of Longmont). Other indicators of decline include a 5% increase in school lunch eligibility and increase of over 40% from 2006 to 2009 in numbers of code enforcement complaints for weeds and "offensive premises." (city code enforcement records).

Other Urban

<u>Colorado Springs – Fountain</u> – The target area in the SE part of Colorado springs and adjacent Fountain is a mix of multi-family and single family residences experiencing a significant rate of foreclosure. Academy Boulevard is a main arterial through the area and is the focus of a local revitalization plan. The recent rental housing vacancy survey shows a high vacancy rate for this SE portion of the market area.

Military families make up a large portion of the owners in the target area. The Fountain real estate market has been inundated with hundreds of pre-foreclosure, short sale, bank owned, FHA and VA owned, and REO owned properties clearly creating a declining market. As in other areas mortgage lending has tightened significantly since 2007 making it even more difficult for buyers to purchase a home. Bond programs earmarked for low income target areas have also been either discontinued or cut back substantially. Employment has decreased in Fountain over the last 24 months, placing a further squeeze on the housing market. A large amount of foreclosures continue to come through the El Paso County Public Trustee. El Paso county 1st Quarter filings continue at a high level with 1292 in 2009 compared to 1216 in 2008.

Sales figures clearly show the market downturn. For homes located in the target geography of Fountain Ft Carson School District 8 the average price for the first 6 months of 2008 compared to 2009 declined from \$202,000 to \$159,000.

The positive effect of NSP2 would not cure the local housing market but would help substantially by allowing multiple homes to be removed from the market thus increasing housing demand and bolstering consumer confidence, creating new jobs by employing local contractors, lenders, real estate professionals, appraisers, inspectors, and title companies, and providing a quality home for new veterans in the Fountain, Colorado, housing market.

<u>Greeley</u> - Weld County foreclosure numbers have made the news since 2006, when it had the most foreclosures (2,073) of any county in the country. Foreclosures have continued at a high rate, with 2007 recording the highest numbers historically (2,869), and only a slight drop seen in 2008 (2,824). According to the Weld Public Trustee, foreclosures are on target in 2009 to equal 2008 numbers. The problem is widespread with 26 of the 37 census tracts in the county qualifying for NSP 2 funding (18-20 scores), and thus targeting specific neighborhoods was difficult but necessary to provide greater impact with available funds.

The residential portions of the Downtown neighborhood are characterized by older housing stock with some student rentals on the south. The western boundary is 11th Avenue, a major arterial through eastern part of Greeley and runs through the University of Northern Colorado.

Census tract 4.02 is an older established neighborhood that has seen serious decline in past 10 years. More rentals. Northeast corner is the start of the downtown area. Neighborhood is at a tipping point. Although much of the housing remains sound there has been significant foreclosures and vacant properties during past five or so years. Greeley Central HS, Maplewood and Heath Middle Schools, and Cameron Elementary School are all in this CT, as is North Colorado Medical Center.

The housing in census tract 5 is the most challenging in the City. It is the oldest housing stock with high minority concentration and primarily low- moderate-income residents. It is also one of the higher crime areas of the City. A sizeable portion of the City's affordable housing is in this CT. Habitat for Humanity's 60-unit subdivision is in this CT as are other subsidized developments. This area has a very high incidence of foreclosures and vacant properties.

The UNC neighborhood of CT 2 has significant student rentals with housing converted to multiple units in many cases, including nonconforming basement apartments. Part of UNC sits in this census tract. Housing east of 8th Avenue (US 85 business route) challenged due to number of non-owner-occupied properties.

The residential areas along the 10th Street Corridor in Census Tracts 12.01, 12.02 and 13.00 are typically ranch homes from the 1950s – 1980s. As with the other selected target neighborhoods, HUD NSP2 scores indicate significant foreclosure problems.

<u>Milliken</u> – Milliken is a small community of approximately 5,800 which has seen substantial growth over the past 10 years, until recently. It is located in the Weld County-Greeley MSA and is near several larger cities where the majority of residents commute for employment including Greeley, Loveland and Longmont (2005 Housing Market Study). Although scoring low on vacancies, it scored a 20 on foreclosures. There is a need to ameliorate the impact of these foreclosures on this small community

<u>Pueblo</u> - The Eastside neighborhood as its name implies is on the eastern portions of the city. It encompasses just over 1,967 acres and extends 2.6 miles east-west. The area includes CTs 8, 10, 11, and 12. Over 51% of its 13,275 residents are low and moderate income; 28% percent of the residents live below the poverty level. The Eastside is one of the oldest sections of the City. It is a predominately ethnically Hispanic (70%).

The Bessemer area is south of the Arkansas River a few miles south of Downtown Pueblo and straddles Interstate 25. The neighborhood encompasses just over 900 acres and extends about 2.0 miles north-south and 1.75 the east-west. The area's poverty rate is 25%. Bessemer is one of the oldest parts of the city. Existing conditions indicates a neighborhood in flux. There has been a lack of reinvestment by long time aging owners. Housing units are relatively small and quite old with over 50% built prior to 1940.

The proliferation of foreclosed properties continues to depress the property values in these neighborhoods. Property flipping is exacerbating the problem. Information from a lender meeting hosted by the City in April 2009 noted that the only loans being underwritten were FHA. Colorado Housing and Finance Authority has advised that it was proving difficult for them to find investors for their mortgage revenue bonds.

The current unemployment rate for the City is 8.1%. The majority of unemployment has stemmed from the housing construction market. The City and County went from over 1600 housing permits in 2007 to over 300 in 2008. Ancillary jobs accompanying the construction trade have also been affected. The decline in the housing markets starts goes hand in hand with the tightening of the credit market and the crack down of predatory lenders. Buyers moving up and upgrading from the entry level home drove the sales on newly constructed homes. The City's sales tax reports for the second quarter of 2009 reinforce this picture showing the largest losses industrial groups correlated to housing starts such as building material and furniture.

Pueblo County (Pueblo West) – This target area, is a community of just over 18,000 located west and just north of the city of Pueblo. The area developed largely since the mid 1990s with over 4,000 of the 6400 housing units built since 1995 (city-data.com). Two factors contribute to the high mortgage defaults in this area. Information supplied by HUD for these areas and HMDA data indicate that refinancing and high cost loans in recent years have resulted in many households facing a high loan to value ratio and unable to sell their homes for a sufficient sales price making it impossible to avoid foreclosure. As in other areas, sales have dropped dramatically since the 4th quarter of 2008. Another major factor is the current unemployment situation in Pueblo which has risen to 8.1%. Data from Foreclosure FreeSearch.com, (6/1709), shows Pueblo County currently with 127 homes under foreclosure with 33 or 26% within the sub-division of Pueblo West. With the availability of down payment assistance and financial counseling NSP2 provides the opportunity to bring in stable homeowners to the foreclosed properties in this community.

Rural

<u>Grand County</u> faces housing issues both common to other mountain resort areas along with some unique aspects. As documented in the County Housing Needs Assessment, in the east county target area, an increasing proportion of transactions involve buyers from outside the county, thus limiting the availability and affordability of housing for local residents and promoting increased commuting distance for local employees.

<u>Tri-County Area</u> – This area of rural SE Colorado is comprised of agricultural land with a number of small towns the largest of which are Lamar and La Junta. Total population of the Bent, Crowley and Otero Counties is about 32,000. Compared to Colorado averages, the area has higher unemployment and lower per capita income. Government is the largest single employer and includes a State Correctional facility. The foreclosure and affordable housing needs of the area is well supported by data from HUD, the Public Trustee's Office and other sources. There are between 40 and 50 homes vacant and already in foreclosure that have occurred from January 2007 through June 2009. HUD data show 9 census tracts meeting NSP2 criteria. With limited funds activity will be targeted to the six most needy census tracts that are greater than the score of 19 and above, specifically CTs 9882, 9880, 9896, 9867, 9881, & 99877.

<u>Walsenburg</u> – The entire City of Walsenburg lies within the Census Block 9806. The City has identified three specific conjoined areas in which to concentrate NSP2 efforts, Loma Park, Loma Triangle, and Rosedale are all on the West side of Walsen/Main Street. This area is less than half of a City that encompasses 2.33 square miles in total. In this area there is an excess of foreclosed and abandoned homes. At this time a cluster of at least 7 foreclosure possibilities within a five by nine block area. Some of these homes are substandard. Seventh Street runs East/West through this neighborhood and is Commercial/Residential in character. The NSP2 funds would purchase seven homes in this area and rehabilitate them. Four would be deeded to the Walsenburg Housing Authority. The remaining three homes would be sold to eligible buyers. This project will not only stabilize the target neighborhood, it would bolster the commercial district that is in danger of slipping into disrepair. The City of Walsenburg views the NSP2 project as an unquestionably positive endeavor in all ways.

b. Market conditions and demand factors (30 points)

(1) Absorption - Housing demand and absorption of foreclosed properties, especially over a period as long as 3 years, will be impacted by many unknown and unpredictable factors, most importantly, overall economic growth (or decline) and its implications for jobs. Also important is the income level of new jobs with its impact on choices to rent or buy, the availability and cost of mortgage credit, and overall consumer confidence. While anecdotal information obtained by partner staff from local realtors in some areas (Greeley and Pueblo for example) indicates continued rapid sale of foreclosed units, especially those in the lower price range, there is no certainty that current demand levels will be sustained or the direction of any change over three years. One factor that could reduce demand is the pending expiration of the \$8,000 first time buyer tax credit.

This has been identified as an important factor in increasing absorption in the lower cost segment of the market. Expiration of the tax credit at the end of 2009 may lead to a softening of demand. Another unknown is the impact of future foreclosure rates. If job declines continue and foreclosures surge there could be an overall suppressing of demand as even qualified buyers (and investors) decline to commit their resources in a market where values continue to fall from a surge in supply.

Denver - MLS data was used to calculate the absorption rate and number of estimated foreclosed units that will be absorbed by the private sector should there be no NSP investment in targeted census tracts. Based on MLS sales data of HUD and bank owned properties resulted in an estimated the number of foreclosure sales in 12 months. Using the two year total of foreclosures provided by HUD for the NSP2 program, divided by two resulted in an estimated 12 month inventory of foreclosures in the targeted areas. By dividing the total annual estimated number of foreclosure sales by the annual inventory of foreclosures, resulted in the Absorption Rate for foreclosures. Again using HUD data resulted in an estimate of the three year inventory of foreclosures in the targeted tracts. This number, multiplied by the absorption rate, creates the foreclosed units absorbed by market sales in the targeted tracts during the next three years. The remainder equals those foreclosed units that will not be absorbed by the market during the next three years.

Absorption of Foreclosed Units in Targeted Census	
Tracts	
Estimated Annual Foreclosure sales in Tracts	
(MLS)	528
HUD Estimated 2 Year Foreclosed Units	3,736
/ 2 = Annual Foreclosed Units in Targeted Tracts	1,868
Est Annual FC sales / 12 month Inventory FC in	
Tracts	
= Absorption Rate	28%
Estimated Three Year Inventory of Foreclosed	
Units in Tracts	5,604
Foreclosed Units Absorbed by Market Sales in	
Target Tracts	1,584
Remaining Units Not Absorbed in 3 Years	4,020

Englewood - The following data represents residential real estate activity for Arapahoe County year over year May 2008 to May 2009, derived from Metrolist Data. Metrolist, Inc. is a Multiple Listing Service (MLS) serving the Denver area.

- the total number of closed sales/month is down by 11.4% from114 to 101
- the total number of closed sales/year is down by 20.2% from 491 to 392
- the average days on market is up by 9.7% from 93 to 102

- number of active listings is down by 9.6% from 607 to 549
- number of new listings is down by 17.4% from 333 to 275
- the average sold price is down by 22.1% from \$347,004 to \$270,255

A survey of the existing foreclosed properties in the target census tracts reveals that many of the properties are in a distressed condition, likely due to deferred maintenance or simply neglect. There are 7 foreclosed properties in the Englewood target census tracts, for June 2009 that are bank, HUD, or lender owned on the market. The average asking price is \$172,000, below citywide averages. These properties tend to remain on the market longer most likely due to there size and condition. Meanwhile, Arapahoe County filings eased a bit at 1,334 in the 1st quarter of 2009 compared to 1384 in the 4th quarter of 2008, while foreclosure sales continued a downward trend falling to 611 for 1st quarter 2009 compared to 1003 and 743 for the two previous quarters (CDOH Report). Absent intervention by the City through NSP2, absorption of foreclosed properties will continue to be low.

Longmont - With a unique quality of life and a highly trained workforce, Colorado will remain an attractive place to live and work. Longmont continues to offer affordable housing prices and industry incentives that will bring new jobs to Longmont. Absorption rate was calculated for Longmont based on the number of weeks it takes to sell the current housing inventory at the present rate of sales. Absorption rate estimates for the next three years (2009-2011) are:

2009 - Calculated as 28.29 weeks

2010 - Estimated to be 31.11 weeks (increase in listings of at least 10%)

2011 - Estimated to be 30.49 weeks (predicated on stabilizing number of listings and growth patterns of 2% per year)

This absorption may diminish based on recent increases in foreclosure activity in Boulder County, generally one of the stronger market areas. Similar to other areas, there was an increase in foreclosure filings (291 for 1st quarter 2009 compared to 1st quarter 2008 of 278) and a decrease in foreclosure sales (134 to 100 comparing 1st quarter 2008 to 2009). There are unprecedented challenges for these high risk census tract areas that continue to be impacted by the unstable economy, unemployment, falling housing values and tight financial markets. The calculated absorption rates could well fall significantly.

Colorado Springs – Fountain - Rental vacancy rates for Colorado Springs remain high according to two recent reports (U. of CO Colorado Springs, S CO Economic Forum April 2009; Colorado Springs Metro Area Apartment Vacancy and Rent Study, First Quarter 2009, CDOH & others). The CDOH study notes that newer, larger complexes have lower vacancies with those from 200-349 DU at 10.4% and complexes built since 2005 at 8%. The overall rental vacancy rate is 11.7%. Both studies note the impact of troop deployment. Projected base realignment is also a key factor. US Army data show a growth in combined military and family member population from 45,600 in 2008, to 62,000 in 2009, with 65,200 in 2013.

First quarter foreclosure activity remained high for El Paso County comparing 1st quarter 2008 to 1st quarter 2009 (CDOH report from Public Trustee data). Filings increased from 1216 to 1292. Counter to the trend in most other parts of the state, foreclosure sales also increased from 509 to 522.

A local Realtor arrived at an optimistic 5% absorption rate based on the following optimistic assumptions. Through the first quarter of 2009 foreclosed inventories countywide are up 6% from 2008. Sales of foreclosed single family property in El Paso County have averaged 13.5% per month. We feel that this percentage rate of sales will not be sustainable over the next three years due to the following: Foreclosure inventories will slowly be on a decrease during this period as a whole. But the target area will remain the highest concentration of foreclosure properties in the county. The current inventory has seen an abundance of activity with the first quarter in buyers being able to "cherry pick" the better properties. While new inventories of foreclosed properties will continue to come on line in the future, it will be at a slower rate. The pricing will slowly adjust upward as the housing market stabilizes and with interest rates planned to rise over this same period will translate to a slower monthly selloff reflected in the 5% monthly absorption estimate. While the infusion of relocated military personnel will clearly have a positive impact, variation from the assumptions indicated would yield significantly differing absorption rates.

Greeley – Interviews with two realtors specializing in the REO market indicate a tightened market. Existing REO properties are being absorbed quickly, 30 days or less. Regular real estate on market is stable and starting to absorb due to lack of REO. Declining prices continue. Of properties handled, sales are about ½ foreclosures and ½ short sales. A significant issue noted is getting to closing. The lending market is very tight and appraisals are problematic. A local lender observed that the market is very busy with a lot of first time homebuyer's due to the \$8.000 credit, low interest rates, and very low prices. However credit availability that has gotten more difficult. It is noted that most loans are FHA for buyers with adequate credit scores (620). Amid such absorption the high rate of foreclosure filings and sales in Weld County should continues to be an uncertain cloud on the market. Filings 1st quarter of 09 were up from 4th quarter 08 (770 from 670) whereas 1st quarter filings in 2008 were at 442 (CDOH report). Unofficial data obtained from the Public Trustee indicates 300 filings in April and 288 in May. The end of the tax credit and the new wave of foreclosures will likely lead to reduced absorption.

Milliken - The continued high rate of foreclosure filings and sales in Weld County should continue to be a drag on the market. Filings 1st quarter of 09 up from 4th quarter 08 (770 from 670) whereas 1st quarter filings in 2008 were at 442 (CDOH report). Sales in the past 90 days show 37 (Zillow.com). With continued soft economy and influx of new foreclosures absorption will likely decline somewhat leading to further deterioration of the market.

Pueblo - The Pueblo Association of Realtors, Inc., reports for the first two quarters of 2009 show a 29% decline in sales from the same period in 2008. Homes in the range of \$0 - \$120,000 showed a 33% decline in 2009 and those above that ranged showed a

40% decline. The decline in units sold varies by price categories that have \$10,000 increments. The spread between the lower-end priced homes and the higher-end priced homes has narrowed. The average days on market has also edged up, but properties up to \$100,000 ranges still show fastest turnover, with 118 average days on the market.

Pueblo West – This area has maintained reasonable pace of sales registering 535 in the past year, down to 122 in the past 90 days, typically a peak sales period (Zillow.com). With Pueblo County foreclosure data showing the typical pattern of increased filings (rising to 421 in 1st quarter 2009 compared to an average of 328/quarter in 2008), decreased sales (151 for 1st quarter 2009 compared to 206 and 173 for 1st and 4th quarter 2008 respectively), and continued weakness in the overall economy and employment, absorption is likely to diminish with the net supply of foreclosed properties increasing.

Grand County – Grand County and the target area is primarily a second home housing market. The economy and financing constriction has brought this market to a halt. First quarter foreclosure filings surged to 55 from an average of 43 per quarter in 2008. Foreclosure sales were down to 5 in the 1st quarter of 2009 after sales of 26 and 17 in the 3rd and 4th quarters of 2008 (CDOH report). Future foreclosures are likely to outpace sales for the foreseeable future.

Tri-County – The Tri-County area is being hit by a foreclosure tidal wave, driven mostly by activity in Otero County where 262 filing occurred in 1st quarter 2009 compared to 37 in 1st quarter 2008. Otero County had only 8 foreclosure sales in 1st quarter 2009 compared to 23 in 1st quarter 2008 and 63 for all of 2008. Zillow.com reported no sales for the past 6 months.

Walsenburg – With a county-wide population of 7,837 and 672 housing units with a mortgage (city-data.com) there were16 foreclosure filings and 11 foreclosure sales in the 1st quarter of 2009. A listing of 29 properties for sale in the Walsenburg area showed 15 were REO properties. Zillow.com shows no sales in Walsenburg in the past 12 months. Although some demand could be expected from the employees of the Huerfano County Correctional Facility that opened in 1997 (Colorado Department of Corrections profile) most have sought housing elsewhere. It is reasonable to presume little or no net absorption in the absence of NSP2 funds.

(2) Over-building, over-valuation and loss of employment are all factors in Colorado's foreclosure epidemic. The role each factor played varies among the diverse target areas in this application from significant to little or none. Loss of employment while not a factor in the foreclosure surge from 2005-08, is now becoming an increasingly larger factor through out the State. As noted elsewhere, unregulated sub-prime loans both for purchases and refinance has been a major factor in Colorado foreclosures.

Over-building – Within the Denver metro area, this factor has been significant only in Longmont which had the highest growth rate in Boulder County from 1996-2003 (County building permit data). Building continued unabated as project received financing

and local building and zoning code approval. All new building construction stopped in September 2008 and the only new construction since that time has been affordable housing units (Boulder Area REALTOR® Association, City of Longmont). In other urban areas some over-building occurred in the Colorado Springs-Fountain area and in Pueblo County in anticipation of troop relocation that has not occurred on the anticipated schedule. Over-building has also been a factor in Milliken. In the rural mountain resort area of Grand County, building was directed to the second home market rather than local residents and job holders. It is not a factor in other target areas.

Over-valuation – The HUD Regional Economist has reported that Colorado's housing did not get overvalued as much as housing in other areas of the country. The report for first quarter of 2009 indicates relatively stable appreciation/depreciation rates. HUD also noted Federal Housing Finance Agency Housing Price Index data indicating prices "relatively unchanged in Colorado." One exception is Grand County which until recently saw significant 15% annual price appreciation for units in the second home market. Major developments are now in bankruptcy, some partly completed, and remain unaffordable to most local residents. Other areas exhibiting softening of values combined with excessive, high cost debt are now experience a type of over-valuation somewhat different from areas that experienced a price bubble in recent years.

Loss of employment – Loss of employment was not a factor in the surge of foreclosures that occurred from 2005-08. It is now becoming an increasingly significant factor. The May 2009 Mortgage Bankers Association report indicates a "shifting of the (delinquency) problem somewhat away from the subprime and option ARM/Alt-A loans to the prime fixed-rate loans. The foreclosure rate on prime fixed-rate loans has doubled in the last year, and ... now represent the largest share of new foreclosures... More than anything else, this points to the impact of the recession and drops in employment on mortgage defaults." Colorado unemployment numbers follow this trend. Unemployment is up from 2008 in every Colorado MSA; Boulder +2.5%; Denver +3.2%; Colorado Springs +2.7%; Greeley + 3.7%; and Pueblo +2.8% (coworkforce.com, 4/08 to 5/09). Rural areas also continue to experience higher unemployment than state-wide averages.

(3) Income – Housing Cost Burden

Income Characteristics – The following summarizes income characteristics of the target area census tracts.

Denver – The Denver Consolidated Plan indicates that the city's overall income distribution is:

50% AMI 43% 80% AMI 21% 120% AMI 15% 120% AMI+ 21%

The 20 Census Tracts in the target area have relative lower income distribution, clearly for the southwest and north central target areas, less so for the northeast target area.

Englewood – The two Census Tracts of the northwest target area have over 64% of the population below 80% AMI. The southwest target area is somewhat less poor overall, but with numerous block groups with 60% of the population below 80% of AMI.

Longmont – Of the 11,519 households in the target census tracts, calculations developed by the city show:

2551 (31%) under 50% AMI 2059 (18%) up to 80% AMI 3465 (21%) up to 120% AMI

Colorado Springs – Fountain – The areas located in Colorado Springs have 51% of their population below 80% of AMI. The two Census Tracts located in Fountain vary in income levels with the larger (45.08) at 59% of the population with income below 80% of AMI.

Greeley - The target areas closer to Greeley's central business district exhibit very high levels of population with income below 80% of median.

Milliken – The city is located within Census Tract 21 with HUD data indicating that 38.6% of the population below 80 % of AMI.

Pueblo – All of the target census tracts in Pueblo have a majority of the population with income below 80% of AMI with many individual areas reported having 70 and 80% at 80% AMI in HUD data.

Pueblo County - The Pueblo West area exhibits a modest income level. Data compiled by the County shows 1107 households with income up to 50% of AMI and 2868 with income up to 120% of AMI.

Grand County - The target area is located in Census Tract 2 which has 29% of the population with income below 80% of AMI. For the entire county, 33% are below 80% AMI with another 25% between 80 and 120% AMI (Grand County Housing Needs Study p. 8).

Tri-County – HUD data indicates:

Bent County 57.0 % LMI
Crowley County 61.0% LMI
Otero County 52.7% LMI

Walsenburg – The city is located within Census Tract 9806 with 68.6% of the population below 80% of AMI according to HUD data.

Housing Cost Burden – Using Census data tables H69 and H94, the following describes the estimates of housing cost burden in the specific target census tracts and thus differ from city-wide data used for the Consolidated Plan. The proportion of cost burden for

each income strata is estimated from the general income characteristics of the census tract.

Denver

Renter Cost Burden – 46% of all renters (12,575) are cost burdened. Of the total estimates are that 72% are under 50% AMI, 19% up to 80% AMI, and 7% up to 120% AMI

Owner Cost Burden – 33% of all owners (18,766) are cost burdened. Of the total estimates are that 38% are under 50% of AMI, 34% up to 80% AMI, and 23% up to 120% of AMI

Englewood

Renter Cost Burden – 39% of all renters (4,978) are cost burdened. Of the total estimates are that 64% are under 50% AMI, 24% up to 80% AMI, and 8% up to 120% AMI

Owner Cost Burden - 27% of all owners (4,415) are cost burdened. Of the total estimates are that 29% are under 50% of AMI, 38% up to 80% AMI, and 26% up to 120% of AMI

Longmont

Renter Cost Burden – 48% of all renters (4,193) are cost burdened. Of the total estimates are that 62% are under 50% AMI, 23% up to 80% AMI, and 9% up to 120% AMI

Owner Cost Burden - 31% of all owners (5,503) are cost burdened. Of the total, estimates are that 33% are under 50% AMI, 22 % up to 80% AMI and 45% up to 120% AMI

Colorado Springs - Fountain

Renter Cost Burden - 37% of all renters (4,727) are cost burdened. Of the total estimates are that 67% are under 50% AMI, 22% up to 80% AMI, and 7% up to 120% AMI

Owner Cost Burden - 29% of all owners (5,939) are cost burdened. Of the total estimates are that 32% are under 50% of AMI, 38% up to 80% AMI, and 21% up to 120% of AMI

Greeley

Renter Cost Burden – 47% of all renters (5,181) are cost burdened. Of the total estimates are that 60% are under 50% AMI, 19% at 80% AMI, and 10% up to 120% AMI

Owner Cost Burden - 28% of all owners (3,055) are cost burdened. Of the total estimates are that 27% are under 50% of AMI, 44% up to 80% AMI, and 21% up to 120% of AMI

Milliken

Renter Cost Burden – 34% of all renters (599) are cost burdened. Of the total estimates are that 61% are under 50% AMI, 26% at 80% AMI, and 9% up to 120% AMI

Owner Cost Burden - 28% of all owners (2,960) are cost burdened. Of the total estimates are that 31% are under 50% of AMI, 44% up to 80% AMI, and 18% up to 120% of AMI

Pueblo

Renter Cost Burden – 50% of all renters are cost burdened. Of the total (4,745) estimates are that 60% are under 50% AMI, 23% up to 80% AMI, and 12% up to 120% AMI

Owner Cost Burden - 25% of all owners (1,732) are cost burdened. Of the total estimates are that 36% are under 50% of AMI, 41% up to 80% AMI, and 16% up to 120% of AMI

Pueblo County

Renter Cost Burden – 38% of all renters (948) are cost burdened. Of the total estimates are that 61% are under 50% AMI, 24% up to 80% AMI, and 11% up to 120% AMI Owner Cost Burden - 25% of all owners (3,069) are cost burdened. Of the total estimates are that 32% are under 50% of AMI, 43% up to 80% AMI, and 18% up to 120% of AMI

Grand County

Renter Cost Burden – 31% of all renters (1,158) are cost burdened. Of the total estimates are that 53% are under 50% AMI, 31% up to 80% AMI, and 12% up to 120% AMI

Owner Cost Burden - 2% of all owners (1,854) are cost burdened. Of the total estimates are that 29% are under 50% of AMI, 46% up to 80% AMI, and 23% up to 120% of AMI

Tri-County

Renter Cost Burden – 36% of all renters (3,046) are cost burdened. Of the total estimates are that 81% are under 50% AMI, 11% at 80% AMI, and 6% up to 120% AMI Owner Cost Burden - 21% of all owners (4,729) are cost burdened. Of the total estimates are that 37% are under 50% of AMI, 41% up to 80% AMI, and 19% up to 120% of AMI

Walsenburg

Renter Cost Burden – 39% of all renters (486) are cost burdened. Of the total estimates are that 78% are under 50% AMI,14% at 80% AMI, and 6% up to 120% AMI Owner Cost Burden - 23% of all owners (833) are cost burdened. Of the total estimates are that 36% are under 50% of AMI, 47% up to 80% AMI, and 12% up to 120% of AMI

(4) Social, governmental, educational, and economic factors - Both governmental and economic factors have contributed significantly to local market conditions and neighborhood instability. Social and educational factors have been factors in some of the target geography.

Colorado's two waves of neighborhood distress due to foreclosure have origins in governmental policies. Monetary policies facilitated the availability of mortgage credit at

historically rates. Concurrently governmental policy sought to maintain and increase homeownership and facilitated the expansion of nontraditional mortgages based on an explicit risk-pricing paradigm without meaningful evaluation of a borrower's credit worthiness. These financial instruments became toxic when the spike in payments on these sub-prime loans sparked the wave of defaults. While Colorado's more moderate housing price rise left many comparatively better off than those that experienced a dramatic price bubble, these sub-prime loans still became the key factor in concentrations of defaults and vacancies plaguing our target neighborhoods. This financial house of cards eventually permeated the entire financial system bringing on the current economic malaise and unemployment levels not seen for more than 25 years. It is now primarily the economic factors fueling and sustaining the second current wave of foreclosures. Individual market areas and sub-markets do not fit this general pattern. This is especially true of rural Colorado which faces unique issues of mountain resort housing and long term economic hardship affecting ranching and agriculture.

Social and educational factors contribute in several ways. Borrowers often succumbed to the social pressure to live beyond their means by refinancing to tap into their home equity or purchasing a more expensive home than was affordable. Regardless of formal educational level, many were unsophisticated in the complexities of the nontraditional mortgage products that seemed so tempting. There is some evidence from a study by the Colorado Department of Regulatory Agencies mortgage brokers targeted minority homeowners (April 14, 2008 report, DORA). But as documented in the HUD study of HOME Homeownership activity, careful underwriting and counseling have achieved low rates of foreclosure among HOME assisted buyers (http://www.huduser.org/Publications/pdf/Homebuy.pdf Executive Summary p. xi).

(5) Rationale for NSP2 activity categories

In general, the approach adopted to stabilize the diverse neighborhoods targeted for assistance involves the purchase, rehabilitation and resale of foreclosed single family homes. This addresses key factors of neighborhood distress as well as price stability. While market absorption is currently reported strong in some areas, such as Greeley, NSP assisted properties will provide two significant advantages in promoting stability compared to market transactions in foreclosed properties which typically undergo minimal or cosmetic improvements prior to sale. First all buyers will receive the mandatory 8 hours of homeownership counseling, enhancing the potential of long term success. Second, properties will be rehabilitated comprehensively, including energy efficiency. In addition to lower operating costs, this rehabilitation will avoid significant maintenance and repair expenses during initial years of ownership, further enhancing prospects for stability. When warranted by market conditions at the time of sale some properties may be made available for rental rather than be allowed to sit vacant. This will provide opportunity to serve low-income households.

Additional NSP2 funds are budgeted for downpayment and closing costs assistance (Financing Mechanisms), to help ensure that properties will be returned to viable long term ownership status. Staging of acquisition and rehabilitation activities in appropriate size groups will minimize the potential for NSP2 sales to over-saturate individual local markets.

In selected areas, NSP2 will be used for redevelopment of vacant and abandoned residential building sites. Without the NSP2 resources, redevelopment has been infeasible. Replacing the attractive nuisance of a vacant lot with a new home will make a strong contribution to stability. This strategy is especially appropriate in the Eastside Pueblo neighborhood and will be used selectively in other areas as appropriate.

In several areas, such as the more distressed areas of Denver and the smaller communities in rural SE Colorado, appropriate stabilization will include demolition and land banking that will be undertaken with other funds (including NSP2 funds sought in other applications).

Multifamily opportunities exist in several areas, with a concentration of available properties in the SE Colorado Springs-Fountain area as well as potential sites in Longmont and Pueblo. Given the timing of award expected 4-6 months from submission, specific situations will need to be assessed at that time.

CDOH and its partners are continually reviewing data on available foreclosures such as the 6/30/09 listing provided by Fannie Mae and through direct contact with major area lenders such as Bank of America and Wells Fargo. The general approach described is expected to be essentially unchanged at time of program implementation although specific properties currently available may be sold before award and new properties will enter the REO inventory over the next 4-6 months.

- 2. Rating Factor 2: Demonstrated Capacity of the Applicant and Relevant Organizational Staff (40 points)
- a. Past Experience of the applicant. (30 points)

The applicant Colorado Division of Housing, in conjunction with past and current partners has successfully initiated the NSP1 program and has a significant record of managing the implementation of the essential activities being proposed in this NSP2 application.

CDOH accomplished in a timely, effective manner all tasks necessary to initiate the NSP1 program. Through analysis of essential data and program policy issues, they prepared the NSP1 application which clearly met all program requirements and received timely HUD approval.

Since then, CDOH has moved ahead to manage program implementation, formulating specific program responses with each of its implementing partners, developing funding packages for both single family and multifamily housing, conducting careful underwriting, and proceeding with formal approval and contracting. In addition, CDOH has direct implementation responsibility for NSP1 activities undertaken through the joint

NSP1 application with Colorado Springs. CDOH is now proceeding with the initial Colorado Springs project involving multi-family acquisition and rehabilitation.

Building on its existing policies and procedures for implementation management, CDOH has put in place a process of project performance plans that carefully track key implementation milestones and provide a basis for oversight and long term compliance.

The skills and resources to carry out this effort have been in place as the State has managed the implementation of all of HUD CPD formula grants programs as well as CSBG, and several State funded development programs.

Under the management and policy direction of the CDOH Director, Director of the Department of Local Affairs, and the State Housing Board, key activities are carried out by a team of Housing Developers each with an assigned geographic area of responsibility. The Developers work with local partners and developers in underwriting projects and packaging funding submissions for approval by the State Housing Board. This is a multi-step process with structured input from Asset Managers and CDOH management in preparation for final action by the SHB. Asset Managers work closely with Housing Developers, establishing a detailed Project Performance Plan that is part of the funding agreement and provides a contractual basis for accountability. The PPP becomes the basis for monitoring planning and compliance management, through both in house and on site reviews performed primarily by Asset Managers.

These staff resources have been recently augmented in several ways. An experienced housing developer and additional support staff person has been hired. For NSP specifically, CDOH has entered into agreement with the National Community Stabilization Trust to facilitate the purchase of foreclosed properties and has engaged a staff coordinator (contractual) to work specifically on implementing this aspect of NSP activities. Further, CDOH has selected ICF International to provide technical assistance and training services for NSP. ICF's Colorado based staff has 38 years of experience in HUD CPD programs and has extensive credentials as a program policy expert and trainer. ICF's Housing and Community Development staff provide additional guidance and resources, and are recognized as one of the preeminent national technical assistance providers for all CPD programs.

The solid record of results achieved in the implementation of ongoing programs provides a clear basis for continued achievements as NSP1 and NSP2 activities are implemented. The recent performance report to HUD and the public, shows affordable housing production results of:

- New construction of rental units 183 units
- Acquisition and Rehab of Rental Units 427 units
- Tenant-based rental assistance 279 households
- Single family rehab 107 households
- Homebuyer Assistance 169 households

For the activities likely to promote neighborhood stabilization, specific experience is summarized as follows:

- (1) City and regional planning The Colorado Division of Housing funds housing needs assessments for Colorado communities at the regional, county, and municipal levels. These assessments assist the Colorado State Housing Board, housing developers, non-profit agencies, and other organizations involved in housing production to understand the essential of market-rate and affordable housing needs in each community. CDOH provides financial and technical assistance to communities to develop affordable housing needs assessments. Among recently completed studies are those covering Adams County, 2009, Arapahoe County, 2009 (also includes Douglas County), Archuleta County Needs Assessment, 2007, Bent County, 2008, Chaffee County, 2007 Eagle County, 2007, Estes Valley, 2008, Grand Junction/Mesa County, 2007, La Plata County Needs Assessment, 2007, Morgan and Logan Counties Needs Assessment, 2007, Summit County 2007, and Upper Arkansas Area (Lake, Fremont and Custer Counties) 2008. CDOH research also provides quarterly data on rental vacancies and foreclosures. These planning and research documents are posted on the CDOH web site.
- (2) Acquisition and disposition of foreclosed real estate CDOH regularly manages activities involving acquisition and disposition of real estate with acquisition from a variety of seller entities. With the implementation of NSP1 and the direct responsibility for activities in Colorado Springs and the partnership with the National Community Stabilization Trust, experience now includes foreclosed properties. A contract to initiate acquisition of 52-unit foreclosed multi-family project and 21 units of single family foreclosures is expected to be signed before the end of July.
- (3) Rehabilitation of housing As noted, CDOH funded and managed activities include housing rehabilitation activities, both single family and multifamily. Projects have ranged from owner occupied single family improvement programs to complex financing of multifamily housing. Recent single family rehabilitation projects include 67 units in three separate allocations to Tri-County Housing and 26 units to Mesa County. Multifamily rehabilitation has included Cannery Apartments in Longmont (94 units), Bethlehem Square in Pueblo (130 units) and Maplewood Apartments in Lakewood (132 units).
- (4) Redevelopment of vacant property CDOH has funded a number of recent developments on vacant property, including the 100 unit Renaissance at Riverfront Lofts, a Colorado Coalition for the Homeless project.
- (5) Program marketing and management of waiting lists for potential residents CDOH activities have included TBRA funded both through the HOME and HOPWA programs. CDOH also administers Section 8 Housing Choice vouchers.
- (6) Accessing operating and investment capital CDOH routinely underwrites the development of numerous multi-family housing projects where significant investment capital has been committed, including tax credit equity, private activity bonds, and

various sources of private capital. Operating overhead is funded by a combination of state appropriations and costs allocable to various Federal programs. A modest state appropriation also provides investment capital. Local partners are also in a position to access other funding sources such as in lieu cash payments under affordable housing provisions in local zoning, tax-increment financing, and philanthropic donations.

(7) Working productively with other organizations – Productive partnerships is the hallmark of CDOH activities. On the issue of foreclosures, CDOH played a leadership role in the Foreclosure Prevention Task Force and the implementation of its key recommendation establishing the Foreclosure Hotline and the regular gathering and reporting of foreclosure data from the Public Trustees of each county. As the largest single recipient of NSP1 and formula CPD funds, the State continues to reach out to both its long standing and newly active governmental and non-governmental partners to address the housing needs of Colorado. Implementing recommendations of the Blue Ribbon Panel on Housing, CDOH is continuing efforts to quantify affordable housing needs by funding local, county and regional housing needs assessments. The broad, diverse partners brought together for this program is indicative of the productive working relationship CDOH has established throughout the state.

b. Management structure (10 points)

Applicant - The Colorado Department of Local Affairs, Division of Housing (CDOH) provides housing development and grant-funding services to local governments, nonprofit organizations and for-profit corporations that create, rehabilitate, and preserve affordable housing in Colorado. This track record goes back to 1970, when the State Legislature authorized the Division as the conduit for federal housing funds that now include HOME, CDBG, ESG and HOPWA programs, and more recently NSP1 and HPRP. This depth of experience means that the Division uses well-established methods for project underwriting, management, technical assistance, monitoring, and reporting. The Division works under the policy supervision of the DOLA Executive Director, Susan Kirkpatrick and the State Housing Board.

The State Housing Board advises the Legislature, Governor, and CDOH and is composed of seven members. They review financing requests, adopt policies and regulations, and sponsors housing issue research.

Key managers of the NSP Program are the Division Director, Teresa Duran (Acting), who has more than 20 years of local and state experience in the administration and management of affordable housing programs. The hiring of a permanent Executive Director is in process with selection expected in July, ensuring continuity in management. CDOH Program Manager Lynn Shine has been coordinating the NSP program, including NSP1 and has 30 years of housing related experience. At the time of this application interviews have been completed for the new position of NSP Coordinator with the new person expected on board before the end of July. Ms. Shine will continue involvement in NSP in addition to duties as lead for the Consolidated Plan and HPRP. A team of Housing Developers led by Rick Hanger are assigned

geographically and work with local partners and developers in underwriting projects and packaging funding submissions for approval by the State Housing Board. This is a multistep process with structured input from Asset Managers and CDOH management in preparation for final action by the SHB. Asset Managers, under the supervision of Autumn Gold work closely with Housing Developers, establishing a detailed Project Performance Plan that is part of the funding agreement and provides a contractual basis for accountability. The PPP becomes the basis for monitoring planning and compliance management, through both in house and on site reviews performed primarily by Asset Managers.

To enhance management of NSP specifically, CDOH is working with the National Community Stabilization Trust to facilitate the purchase of foreclosed properties and has engaged a staff coordinator (contractual) to work specifically on implementing this aspect of NSP implementation.

In addition, CDOH has selected ICF International to provide technical assistance (including internal audit and monitoring) and training services for NSP and other ARRA programs. ICF's Colorado based staff has 38 years of experience in HUD CPD programs and has extensive credentials as a program policy expert and trainer. ICF's Housing and Community Development staff provide additional guidance and resources, and they are recognized as one of the preeminent national technical assistance providers for all CPD programs.

Partner Management Structure – Although not officially a consortium, CDOH will work closely with its numerous partners that have already devoted significant staff time and expertise in developing this NSP2 program.

Denver - Beth Truby has worked in community development for over 25 years and currently oversees the Neighborhood Stabilization Program for the Office of Economic Development in the City and County of Denver where she has overseen a wide range of housing, economic development and neighborhood projects. The Division of Business and Housing Services (BHS), a division of the Office of Economic Development (OED) within the city is the lead agency and administers all HUD CPD formula grant programs. Ms. Truby's project management role is supported by agency staff handling financial management and compliance monitoring.

Englewood - Englewood staff, including Harold Stitt, Community Development Manager, and Janet Grimmett, Housing Finance Specialist, have participated in the development of the NSP2 program and have successfully carried out CPD programs for many years, including CPD funds received through the Arapahoe Urban County/Consortium.

Longmont - The city's role as coordinator and funder of affordable housing is led by Kathy Fedler, CDBG and Affordable Housing Programs Coordinator, working with Boulder County, Thistle Housing (local land trust), homeless service providers, and others, has an extensive track record of 30 years in administering CPD and locally funded housing programs.

Greeley – Milliken - Carole Larsen, is Community Development Coordinator for the Greely Urban Renewal Authority, the agency that implements Greeley's formula CPD funds under agreement with the city. GURA has successfully operated a variety of CPD funded housing programs including homeownership, rehabilitation, and acquisition of both single family and multi-family properties, demonstrating the capacity to implement NSP2. this experienced staff will also carry out the single family housing program in Milliken, located less than 15 miles away.

Colorado Springs - For single-family NSP activities, the staff of the city's Housing Development Division, headed by Valorie Jordan and an experienced staff of housing rehabilitation program professionals will assure effective NSP2 implementation.

El Paso County – Aspen Diversified Industries, part of the non-profit Pikes Peak Mental Health Group includes a team of management and construction professionals eminently suited to the tasks of acquisition, rehabilitation and property management. Recently, they have completed housing renovation and new construction projects for the Air Force Academy and are owners/managers of multifamily properties serving the low income clients of their parent agency. Key staff involved in NSP are Paul Sexton COO and Al Schuelke, of Coal Construction.

Pueblo - Ada Clark heads the Housing and Citizen Services Department, the lead agency for HOME and CDBG housing activities. The Department and its staff partner with the local PHA, Habitat, and homeless providers, carrying out programs to serve renters as well as owners. In addition to housing rehabilitation and homeownership, HOME funded TBRA

Pueblo County – Under the auspices of Ted Ortiviz, Head of Housing and Human Services, Pueblo County has delivered housing rehabilitation and homeownership programs as a HOME Consortium partner with the city of Pueblo.

Grand County – The County established its Housing Authority more than 30 years ago. Now headed by affordable housing veteran Jim Sheehan who reports to the agency's Commissioners. It operates a wide range of programs using resources from HUD, RDA, along with the for-profit and the nonprofit sector.

Tri-County Housing (Bent-Crowley-Otero Counties) - Tony Berumen, an experienced administrator of CPD programs while at the city of Pueblo, now leads Tri-County Housing, a nonprofit organization certified as a CHDO and a charter member of Neighbor Works of America with a governing board composed of local government, business, and community representatives. Tri-County administers grants from the State of Colorado, USDA Rural Development, Foundations, and others. The agency also employs two experienced construction managers, operating a housing rehabilitation program since 1976, having rehabbed about 657 homes, with an annual caseload of about 30. This existing, efficient processing system will ensure timely completion of NSP2 activities.

Walsenburg – The city has committed the time and expertise of its town administrator to the NSP2 program. He has extensive background in construction and project management including both private and public sector experience.

(2) References. You should include at least two references for recent work similar to the programs covered under this NOFA and undertaken by you. References should only include a contact name, address, phone number and email address so HUD may verify the information. Alternatively, a reference may include one brief newspaper or journal article, program evaluation, or a transcript from a reputable independent source other than you. No video or audio recordings may be submitted.

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Rating Factor 3: Soundness of approach (45 points)

- a. Proposed Activities (15 points)
- (1) Overall neighborhood stabilization program

In assessing the appropriate approach to use NSP2 resources, several unique opportunities have been identified and incorporated into this program. In addition to serving areas that did not previously have access to stabilization resources, the overall approach of this program is to target resources to address the needs of disadvantaged populations.

This NSP2 program is an important continuation of the State's long standing leadership role as convener and coordinator of the public, nonprofit, and for-profit affordable housing community in responding broadly to the foreclosure epidemic in Colorado. Significant funding from lenders, CHFA, the state, and others has supported the

Housing Foreclosure Hotline whose dedicated counselors have responded effectively to tens of thousands of callers since 2006. CDOH continues to compile the most accurate information on foreclosures ensuring the best available information to guide policy choices. Legislative action has enhanced oversight of the mortgage industry and modified the foreclosure process (HB-09-1276) providing eligible owners an opportunity to consult with an approved housing counselor to determine the potential for a mutually acceptable agreement to avoid foreclosure.

In the Colorado Springs area, this involves partnering with ADI and its affiliates with expertise in housing and construction as well as supporting veterans dealing with both economic and psychological issues. In Englewood, the affordable housing resources created by NSP2 will target families completing the Family Self Sufficiency program. The Denver NSP2 resources build on the commitment to further both affordable rental housing and homeownership opportunities for populations at or below 50% of AMI. Greeley, Longmont and Pueblo will further their targeted neighborhood revitalization efforts. NSP2 additions to the affordable housing managed by the Walsenburg Housing Authority will ensure significant targeting to low-income households. The Tri-County area of SE Colorado will target NSP2 housing to lower income residents participating in their homeownership counseling program. Finally, in Grand County, NSP2 will address the hardships of public employees previously unable to live near their jobs because they have been priced out of the local market.

Fundamentally the Colorado NSP2 program is one of acquisition, rehabilitation and resale of single-family foreclosed properties. Some acquired units will be held for rental housing where appropriate. In a few cases, demolition may be found necessary (accomplished with other sources of funds) following the commitment to use deconstruction approaches as applicable. In addition, multi-family housing will be targeted, principally in the SE Colorado Springs-Fountain area and as an option in other areas where such properties can make an important contribution to target area stabilization, provide long term affordable housing to low income households, and are on the REO market when NSP2 funds become available.

To a significant extent, these efforts expand and complement existing efforts to respond to the impact of foreclosures. Denver is already in the process of implementing its NSP1 program, as supplemented by Colorado NSP1 funding. Colorado Springs, Englewood, Greeley, and Pueblo will also use these funds to expand exiting NSP1 activities. This application also provides the opportunity to address specifically the destabilization of foreclosures in additional areas including Longmont, Milliken, Pueblo West, eastern Grand County, Walsenburg, and the Tri-County area.

Predicting how and when the targeted neighborhoods will exhibit stable housing markets and show enduring economic gain is a daunting challenge. The current planned expiration of the \$8,000 tax credit at the end of 2009 will eliminate a tool that has been effective in stimulating housing demand and absorption, making stability more difficult.

What we can control is the timely, efficient implementation of the NSP2 program so that foreclosed units, often in visible disrepair, cease to drag down the community. In their place we can provide units that have been comprehensively upgraded, using green, energy efficient methods, turning these structures into positive assets to the occupying families and the surrounding areas. We can ensure that the housing provided adds measurably to the stock of affordable units, making a real contribution to the reduction of rent and housing cost burdens. As these outputs occur over the next 2-3 years, coordinated with other ARRA programs and available state and local resources we can at least expect that our target areas will overcome some of their longer term decline and become more comparable to the community as a whole, no longer scoring as the most severely impacted on a future assessment of foreclosure impaction. Importantly, successful stabilization will also be a function of overall economic recovery, including balance in the larger housing market that stems the continuing tide of foreclosures, viable credit markets providing reasonably priced mortgage credit, and measurable increases rather than continued losses in the number of living wage jobs.

(2) Uses of funds and firm commitments

(a) Use NSP2 funds (see table below)

NSP Activity	CDBG Equivalents	Responsible Entities	NSP2
			Funds
(A) Financing	Direct	Denver	\$1,085,000
Mechanisms	homeownership	Englewood	
	assistance (as	Greeley*	
	modified)	Longmont	
	[§570.201(n)]	Pueblo	
		Pueblo County	
		Walsenburg	
(B) Acquisition –	Acquisition	Local governments	\$40,953,80
Rehabilitation –	[§570.201(a)]	Denver	0
Resale/Rent		Englewood	
	Rehabilitation	Longmont	
	[§570.202]	Colorado Springs	
		Greeley*	
	Disposition	Pueblo	
	[§570.201(b)]	Pueblo County	
		Walsenburg	
		Other Public Agencies	
		Non-Profits	
		Aspen Diversified	
		Industries**	
		Grand County	
		Housing Authority	
		Tri County Housing	
(C) Land Bank			

(D) Demolition			
(E) Redevelopment	New construction of housing (NSP Notice, App. 1 H.3.c.)	Englewood Pueblo	\$4,965,000
Subtotal			\$47,003,80 0
Administration	Planning and administrative costs [§570.205-206]		\$5,222,644
			_
TOTAL			\$52,226,44 4

^{*}Activities in Milliken will be administered by Greeley

Other Firm Commitments – In addition to amounts specified as Leverage (non-Federal), partners have committed the following amounts: DPA – \$175,000 for DPA through Colorado Housing Assistance Corp.; Target area infrastructure improvements - \$60,000 CDBG; Demolition - \$200,000 CDBG (approval 7/14/09)

(b) Proposed activity narrative

There are three basic activities being undertaken. First, is the acquisition, rehabilitation and sale (or rental in a small number of cases) of foreclosed single family properties. Down payment assistance will be provided as needed from NSP2 funds or from available CDBG or HOME funds. The term of the down payment assistance will be consistent with the stipulated period of affordability; interest rates will vary from 0 to 5%; payments may be deferred. Redevelopment is the second type of single family housing activity. Vacant and abandoned properties will be redeveloped with new housing for homeownership (units may be rented as market conditions warrant). Down payment assistance will be provided as noted above. The third activity is multifamily rental housing. Some properties that may be acquired are partly developed sites with build out planned in accordance with approved site plans, as allowed under NSP eligible use (E).

(c) Other funds are firmly committed (legally obligated to a specific activity or under your control and budgeted for a specific activity) or not.

All other funds identified in (a) above have been firmly committed by authorized representatives of the partner organizations, as noted above.

(d) Demolition and preservation

^{**} ADI will undertake multifamily activities in the El Paso County-Colorado Springs-Fountain target area

- (i) Demolition versus preservation No NSP2 funds will be used for demolition. Limited demolition may be undertaken using other funds. Partners will consider rehabilitation feasibility, with demolition undertaken when warranted. One possible demolition is a vacant 6 unit structure in Longmont that was used as a meth lab, where demolition appears to be the preferable approach to the extensive remediation required. Market absorption varies among target areas; where timely sale is not considered likely, use of the unit as affordable rental housing or rental with a purchase option is preferable to demolition for the long term viability of the target neighborhoods.
- (ii) See Appendix 3 Demolition
- (iii) No exception requested
- b. Project completion schedule. (5 points)

For the three types of activities, the following describes expected key milestones and time frames by month. Sales proceeds will be recycled and the schedule repeated during the three year time frame of the program. Tracking of key milestones is part of the existing process of Project Performance Plans described elsewhere.

Single Family Rehabilitation Schedule

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MILESTONE	ESTIMATED TIME FRAME
Identify Property	Month 1
Historic Review	Month 1-2
Environmental Review	Month 1-2
Prepare Documents	Month 1
Offer – Acceptance	Month 1-2
Inspection	Month 2
Closing	Month 2
Bids and Specs	Month 2-3
Environmental Mitigation	Month 2-4
Rehabilitation	Month 5-7
Construction Completion-Punch List	Month 8
Marketing	Month 8-9
Sale-Closing	Month 10

Single Family Redevelopment Schedule

,
ESTIMATED TIME FRAME
Month 1
Month 1-2
Month 1
Month 1-2
Month 2
Month 2-3
Month 2-4
Month 4-8

Construction Completion-Punch List	Month 8
Marketing	Month 8-9
Sale-Closing	Month 10

Multi Family Rehabilitation-Development Schedule

MILESTONE	ESTIMATED TIME FRAME
Identify Property	Month 1-2
Historic Review	Month 1-2
Environmental Review	Month 1-2
Prepare Documents	Month 2
Offer – Acceptance	Month 2
Inspection	Month 2
Closing	Month 3
Bids and Specs	Month 3-4
Environmental Mitigation	Month 4-10
Rehabilitation (Build out)	Month 5-10
Construction Completion-Punch List	Month 10
Marketing	Month 9-12
Lease Up	Month 10-14

c. Income targeting for 120 percent and 50 percent of median (5 points)

All implementing partners will be required to restrict eligibility of purchasers and renters to those with incomes not to exceed 120 percent of the applicable area median income (AMI). Most partners are experienced in income determinations. Income determination overview will be included in training provided by ICF International. More in depth technical assistance will be provided as needed.

The targeting of at least 25 percent of funds to households with incomes that do not exceed 50 percent of applicable AMI will be accomplished as follows:

Single family owner occupied housing – At least 20 percent of the units will be sold to such households in conjunction with Family Self Sufficiency programs, housing land trust programs, and Habitat for Humanity.

Rental Housing – One rental project in Longmont will serve households at the 50 percent of AMI. The rental projects in the Colorado Springs-Fountain area will serve a range of income with at least 40 percent targeted for households at 50 percent of AMI.

Collectively, this targeting will result in use of funds for 50 percent AMI households well in excess of the 25 percent minimum requirement.

d. Continued affordability (5 points)

The State of Colorado will ensure long term affordability through the use of a Beneficiary and Use Covenant that will be recorded against the property. If an owner

who has been assisted through this program transfers title to the property before the affordability period expires, the assistance provided by the State will be subject to recapture. The State will consider use of resale restrictions for activities involving land trusts. The State will mirror the minimum affordability period of the federal HOME Investment Partnership Program, 24 CFR 92.252(a), (c) (e) and (f), and 92.254. The long-term affordability period is based on the dollar amount of final direct subsidy (i.e., the amount of the NSP assistance that enabled the homebuyer to purchase the dwelling unit) in the project and specific regulations for addressing the issues of the sale of a property prior to the end of the long-term affordability period, known as recapture apply. The minimum affordability period is listed below:

- Up to \$15,000 = 5 years
- \$15,001 \$40,000 = 10 Years
- Over \$40,000 = 15 Years
- New Construction = 20 Years
- Multifamily = 30 Years

These standards apply to all activities to all income eligible NSP2 households.

- e. Consultation, outreach, communications (5 points)
- (1) Consultation Consultation has been broad and ongoing. Through direct contact and email, CDOH has invited and met regularly not only with recipients of NSP1 funding, but also with other municipal and county governments, as well as a wide array of private nonprofit and for profit entities. Through its long established network and email listserv, all parties have been encouraged to participate in the decision to pursue NSP2 funding.

Specific efforts to work with a range of partners on the foreclosure epidemic date back to 2006 when CDOH and a broad array of partners on the Foreclosure Prevention Task Force initiated the Foreclosure Hotline. Efforts to involve all parties in the Neighborhood Stabilization Program date back to presentations at meetings held in August 2008 shortly after enactment of HERA.

Consultation regarding options for responding to NSP2 began even before publication of the funding Notice. On April 14 the state held a public briefing at the Colorado History Museum with overview of all ARRA programs including NSP 2. Presentations from this report were sent out to all members of the Listserv (637 e-mail addresses) and to others as well. On April 28 CDOH held its initial meeting specifically on NSP2. All NSP1 grantees were specifically invited and representatives from Denver and Aurora attended. These meeting have continued on a weekly basis through July 10th and the ongoing outreach has attracted broad participation, drawing partners from across the state including the recent addition of Walsenburg. Conference call facilities have enabled participation from those unable to attend personally at CDOH offices.

This open working group will continue as needed during the interim between application and grant award and will meet regularly upon grant award and initiation of program implementation.

- (2) Outreach and affirmative marketing CDOH and its implementing partners have significant experience in the administration of housing rehabilitation and homeownership programs. One example among many is the accomplishment of 169 households receiving homebuyer assistance as stated in the 2008 Colorado CAPER. Partners from Colorado Springs, Denver, Greeley, Longmont, Pueblo and others add significantly to this total. They have an expensive track record of recruiting and working with prospective homeowners, providing counseling through partnership with the Colorado Housing Assistance Corporation and other counseling agencies, and producing results. These results have been achieved through many years of out reach efforts and development of relationships with housing professionals and community organizations. Local Habitat for Humanity affiliates cover nearly all jurisdictions and their outreach activities efforts bring in qualified families. In Pueblo, the NeighborWorks entity is the source of significant outreach. Experienced land trust organizations serve Colorado Springs and Longmont. Denver is served by a network of experienced and effective nonprofit housing developers with extensive single family and multifamily experience. Examples include Del Norte NDC, NEWSED, and NE Denver Housing. Through this long standing network of partners and their well established links to their communities, including minority populations, will ensure broad, affirmatively based outreach and marketing for NSP2 housing opportunities.
- (3) Communicate CDOH and its partners have demonstrated an aggressive approach to outreach in developing this application and will continue to do so through the implementation phase, acknowledging the ARRA mandate to maintain transparency, report accurately, and ensure that local citizens and interested parties are informed about program policies.

In addition to the regular posting of information on the CDOH web site, regular email contact with a listserv of over 600 keeps interested parties up to date on program matters. Among other efforts, this Listserv advised that the draft NSP2 Application Summary had been posted on the web site. Notice of this proposed application was published in the state-wide Denver Post and Colorado Springs Gazette. Local government partners included NSP2 notice on their website. Press coverage has included articles from Grand County (Sky-Hi Daily News 6/14/09) to Huerfano County (6/25/09).

In addition, the state-wide non-profit group Housing Colorado! and other groups have worked to engage all sectors of the state's affordable housing community, nonprofits large and small, public agencies, and the private sector banking and development community, in responding to our housing crisis and taking advantage of opportunities, including the NSP2 program.

Specific examples of outreach undertaken since the fall of 2007 includes 13 public forums and town hall meetings with state and local elected officials regarding foreclosures, providing detailed information to elected officials and the public, bringing together mortgage industry experts, housing counselors, Realtors, and CDOH staff. For the last two years, Division staff has assisted in planning the University of Denver's annual Affordable Housing Conference, and CDOH has organized the event's "State of Housing" panel that provides essential housing data to housing professionals and policymakers. CDOH has sponsored and organized 9 recent events in partnership with local news outlets in which viewers were encouraged to call into the Housing Line provided by the local news stations. These phone banks were staffed by volunteers organized by CDOH staff resulting in over 900 calls connecting callers were with housing professionals answering questions about homeownership and foreclosures. CDOH organized joint foreclosure prevention training, bringing together trainers from US Bank, Wells Fargo, and JP Morgan CHASE to provide trainings to housing counselors about how to best work with Mortgage Companies in assisting borrowers with avoiding foreclosure.

CDOH will continue the commitment in its HUD citizen participation plan to carefully consider and respond to any citizen complaint within 15 working days.

- f. Performance and monitoring (10 points)
- 1) Monitoring plan The Colorado Division of Housing (CDOH) has adopted a monitoring policy and plan to ensure that the NSP2 program is in compliance with applicable State and Federal requirements. During the course of this grant and any additional years that this funding is being administered, CDOH Asset Managers (AMs), Developers (DEVOs) and other contracted staff will monitor project performance in a variety of ways.

The Project Performance Plan (PPP) sets forth the goals and milestones that a project must meet in order for it to be successful and in compliance with federal and state requirements. The PPP addresses anticipated project problems and time lines needed to complete and manage the project. The PPP (Form 1 of the contract) will be the basis for measuring and tracking the grantee's performance through the term of the project. A sample of items covered in the PPP includes:

Program income and financial management Income verification @ 120% AMI or below - @ 50% AMI or below Discount for acquisition National objective documentation Homeownership counseling compliance Appraisal and purchase price compliance

Use covenants recordation
Fair housing and affirmative marketing
Rehabilitation standards
Environmental review
Uniform relocation activities
Lead based paint
Maximum sales price

On-going project monitoring includes:

<u>Performance Report</u> - CDOH requires each NSP project it funds to submit a monthly report that provides AMs a project update and flags pending or anticipated problems. As stated above, the monthly performance report has been integrated into the PPP; this allows the Grantee to report on PPP milestones. AMs contact the grantee by telephone or e-mail on a monthly basis to track their project performance. CDOH staff also use this report to provide technical assistance to the grantee.

<u>Financial Status Report</u> - The financial monthly report lists the full financial status of the project including fund balances and program income of the NSP funds provided. CDOH will establish a method of tracking all program income that is received by the State. <u>Project Beneficiaries</u> - CDOH requires that a monthly beneficiary and demographics report be submitted.

Pay Request - All pay requests must be provided with back up documentation.

Database Reporting - Each NSP project will be reported in the State's Oracle database as well as the Federal Disaster Recovery Grant Reporting (DRGR) System. The DRGR reporting system will be configured to capture performance measures, anomalies, performance problems, budgets, obligations, fund draws, expenditures, administration costs and the overall benefits to low, moderate and middle income families.

On-site Review - On-site reviews will be prioritized and scheduled in response to indicators derived from reports and other available information. AMs or contracted staff will monitor each NSP project to ensure that the project is in compliance with all applicable federal and state requirements. As well as ensuring that is adequate property management for properties. Due to the NSP funding being "new" and the anticipated complexity of each project, a full and on-site monitoring will be preformed on each project funded. CDOH has developed a monitoring tool specific to this program.

Colorado Division of Housing (CDOH) will establish a long-term monitoring plan on NSP projects that have affordability terms longer than the grant term. This long-term monitoring plan will insure that affordability terms required in the NSP contracts are satisfied.

The long term monitoring visit consists of:

- Administrative review,
- Family file review of each NSP assisted unit, and
- Housing Quality Standards (HQS) inspection for a determined number of NSP units

(2) Internal audit - Emphasis on accountability and oversight of ARRA resources originates from the highest levels. Colorado has established an ARRA Oversight Board with the mission of "oversight of the funding received by the State of Colorado from the American Recovery and Reinvestment Act. Our job is to ensure that the state and local agencies that are directing funding do so with transparency, accountability and, ultimately, to the highest benefit possible. (Colorado.gov/Recovery). The Board is headed by the Governor's Chief Operating Officer Don Elliman. The Governor has indicated that "as chief operating officer, Elliman will be responsible for direct management, supervision and oversight of Recovery Act funds."

Further, as reported in GAO's July 8, 2009 report, the Controller's office is "in the process of filling its internal auditor position, which has been vacant for over 2 years. According to the Controller, the auditor will work with state departments to promote and monitor internal controls, as well as monitor proper tracking and reporting of Recovery Act funds." (GAO-09-830SP Recovery Act Page CO-32)

The Executive Director of the Department of Local Affairs in fulfilling delegated responsibility for oversight and compliance has directed Budget Officer Matthew Blackmon to act on her behalf to conduct "careful monitoring" and assure compliance with ARRA (and HERA) programs. He is mandated to provide "guidance to program managers and program staff as we implement these new programs." (Kirkpatrick, March 24, 2009)

Staff has developed the following summary list of functions to carry out this mandate:

- 1. Consider weighting selection criteria to favor applicants for assistance with demonstrated ability to deliver programmatic result and accountability objectives included in the Recovery Act.
- 2. Review internal procurement review practices to promote competition to the maximum extent practicable.
- Adapt current performance evaluation and review processes to include the ability to report periodically on completion status of the program or activity, and program and economic outcomes, consistent with Recovery Act requirements. The department will establish procedures to validate the accuracy of information submitted on a statistical basis.
- 4. Consider alternatives to contract financing, including structuring contract line items to allow invoicing and payments based upon interim or partial deliverables, milestones, percent-of-completion, etc. Ensuring consideration of contractor cash flow during acquisition planning will mitigate schedule and performance risks to the government and reduce costs to the contractor associated with financing in a tight credit market.
- 5. Ensure receipt of funds is made contingent on recipients meeting the reporting requirements in Section 1512 of the Act.
- 6. Executive management will receive a financial status report monthly tracking the financial progress of the ARRA funds.
- 7. Other specific analytical internal auditing procedures the department may utilize include, but are not limited to ratio, trend, and regression analysis, reasonableness tests, period-to-period comparisons, comparisons with budgets, forecasts, and external economic information.

The Department of Local Affairs also has a staff member on the Governor's Colorado Economic Recovery Accountability Board. This staff member can provide input and comparison of information with similar information for other state agencies.

As noted in response to Factor 2, CDOH will develop detailed Project Performance Plans which will provide a clear framework for the internal audit function. The internal

audit function will use this data for trend analysis that will provide regular feedback to program and project managers.

Rating Factor 4: Leveraging other funds, or removal of substantial negative effects (10 points)

Appendix 4 documents Leveraged funds that will contribute to the stabilization of target areas in the amount of \$121,049,669.

- 5. Rating Factor 5: Energy efficiency improvement and sustainable development factors (10 points)
- a. Transit accessibility. For the urban areas included in this application, most target geography has good access to transit (50 of 54 urban CTs), as evidenced by the following:

Colorado Springs – The route map Mountain Metropolitan Transit shows several routes serving the SE Colorado Springs-Fountain target area (see:

http://www.springsgov.com/units/transit/Routes/09system_map.pdf)

Denver – The Regional Transportation District provides comprehensive bus service to all NSP2 target areas, which is coordinated with a growing Light Rail service. RTD has been recognized for excellence by national transit organizations. Route information showing service to Englewood and Longmont as well as Denver is at http://www.rtd-denver.com/SystemMaps/index.shtml

Greeley – Greeley's target areas are well served by Greeley-Evans Transit, as indicated by the route map at: http://greeleygov.com/theBus/allroutes.aspx

Longmont – In addition to regular (Denver) Regional Transportation District service, target area residents are served by the BOLT busses to Boulder (see http://www3.rtd-denver.com/schedules/getRouteList.action?routeType=5)

Pueblo – The Pueblo Transit map at http://www.pueblo.us/cgi-

bin/gt/tpl page.html,template=26&content=1269&nav1=1& shows the Eastside served by Route 1 and the Bessemer neighborhood served by Route 2.

The Grand County project will reduce employee commuting distances significantly. Current commuter data indicates significant number of workers commuting from adjacent counties. Affordable worker housing in Grand County will begin to address this energy inefficiency. Additions to the affordable housing stock in Walsenburg and the Tri-County area also has the potential to reduce commuting distances for local workers, many of whom current commute more than 20 miles each way to area employers such as the Huerfano County Correctional Facility.

- b. Green building standards. The Colorado State Housing Board Energy Policy adopted 10/14/08 requires all projects "to meet one of the following:
 - 1. Enterprise Community Partners, Green Communities Criteria 2008 or later (residential only)
 - 2. U.S. Environmental Protection Agency, Energy Star New Homes

- 3. U.S. Green Building Council;
 - a. LEED for New Construction & Major Renovations, Version 2.2 or later
 - b. LEED for Existing Buildings, Version 2.0 or later
 - c. LEED for Homes, Pilot Version 1.72 or later
- Other Comparable Standards"

NOTE: If NSP requires projects to meet standard 1 rather than have the option of meeting 2-4, it appears this will qualify for the 3 points. Another option would be to offer compliance with 2, Energy Star but with the requirement to "exceed" that standard. That would mean a rating of less than 85 on the rating scale for new construction or gut rehab. See Att. 2.2 of the HUD publication on Building Energy Star Homes.

c. Re-use of cleared sites. HUD will award one point if the application demonstrates that all demolition sites will be re-used within the term of your NSP2 grant as replacement housing, for use as a community resource, or to provide an environmental function. Examples include community gardens, pocket parks, or floodplain impoundment areas.

This application does not include use of NSP2 funds for demolition, although limited demolition may be carried out with other funds in connection with NSP2 activities. Based on the schedule commitments included under Factor 3 b., all cleared sites will be re-used within the term of the NSP2 grant. If site is not to be re-used for housing, then the highest and best use will be determined based on an analysis environmental, community, and other social factors.

d. Deconstruction. HUD will award one point if you will use deconstruction techniques for your NSP2 demolition activities. Deconstruction means salvaging and re-using materials resulting from demolition activities.

State Housing Board Policy of October 14, 2008 provides for adoption of alternate policies to promote energy conservation and sustainability. Although this application does not include NSP2 funding for demolition, limited demolition may be undertaken in connection with NSP2 activities, with demolition costs paid from other funds. Nevertheless, the State will ensure that all NSP2 related demolition includes use of non-structural deconstruction techniques and use of structural deconstruction in special circumstances, such as salvaging material of special value or as part of job training.

Rating Factor 6: Neighborhood transformation and economic opportunity (5 points)

The applicant certifies that NSP activities are part of or consistent with the following comprehensive, regional, or multi-jurisdictional plans:

Denver – Englewood – Longmont – Included in Denver Regional Council of Governments (DRCOG) Metro Vision 2035 and Mile High Compact http://www.drcog.org/index.cfm?page=MileHighCompact

Denver – Comprehensive Plan 2000, Blueprint Denver, and Denver TOD Strategic Plan http://www.denvergov.org/planning/BlueprintDenver/tabid/431883/Default.aspx http://www.denvergov.org/Default.aspx?alias=www.denvergov.org/tod

Englewood - Roadmap Englewood: 2003 Englewood Comprehensive Plan, Arapahoe County 2009-2013 Community Development Consolidated Plan, and Housing Needs Assessment Arapahoe & Douglas Counties

Part I Framework:

http://www.englewoodgov.org/Modules/ShowDocument.aspx?documentid=506 Part II Comprehensive Plan Elements:

http://www.englewoodgov.org/Modules/ShowDocument.aspx?documentid=507

http://www.co.arapahoe.co.us/Departments/CS/HCDS/2009_2013_AC_Consolidated_Plan.pdf

http://www.co.arapahoe.co.us/Departments/CS/HCDS/AC_HousingNeedsAssessment0 21209.pdf

Longmont – Longmont Area comprehensive Plan and Boulder County Regional Consolidated Plan

http://www.ci.longmont.co.us/planning/lacp/index.htm

http://www.bouldercolorado.gov/index.php?option=com_content&task=view&id=6780&Itemid=840

Greeley – Comprehensive Plan 2060

http://www.greeleygov.com/CommunityDevelopment/CompPlan2060.aspx

Colorado Springs – Comprehensive Plan, Pikes Peak Area Council of Governments – Fort Carson Regional Growth Plan, and 2035 Mountain Metropolitan Transit Plan http://www.springsgov.com/Page.aspx?NavID=535

http://www.ppacg.org/cms/index.php?option=com_content&task=view&id=182&Itemid=49

http://www.ppacg.org/cms/images/stories/pdf_files/appendix_g_transit_plan_web_part1.pdf

Pueblo – Pueblo County - Housing Market Analysis

http://www.pueblo.us/documents/Housing/PuebloCityHousingReportFinalVersion.pdf Grand County - Housing Needs Assessment

http://www.dola.state.co.us/cdh/developers/documents/Needs%20Assessments/Grand CountyNeedsRpt.pdf

Tri-County - Tri-County Housing Needs Assessment

http://www.dola.state.co.us/cdh/developers/documents/Needs%20Assessments/tricounty 05.pdf

Walsenburg - Huerfano County and Las Animas County Housing Needs Assessment

http://www.dola.state.co.us/cdh/developers/documents/Needs%20Assessments/SCCO G%20Housing%20Needs%20Assessment%20Final%2011%2010%2005.pdf

(2) How NSP2 activities relate to and increase the effectiveness of established plans.

Denver Regional Council of Governments (DRCOG) Metro Vision 2035 – Supports statement on housing: Increase the access to and availability of affordable and suitable rental and for-sale units in order to meet present and future housing demands of seniors and other populations in the region. (p. 32)

Mile High Compact – Supports housing goals of affordability and availability.

Denver – Comprehensive Plan 2000 – Help achieve Goal 5 - Expand housing options for Denver's changing population (website)

Blueprint Denver – Reinforce efforts to maintain the character of "Areas of Stability" (website)

Denver TOD Strategic Plan – Carry out affordable and mixed income housing strategy for TOD (p. 3)

Roadmap Englewood: 2003 Englewood Comprehensive Plan – Supports goals for affordable housing and upgrade of substandard units.

Arapahoe County 2009-2013 Community Development Consolidated Plan – Addresses specified housing needs.

Housing Needs Assessment Arapahoe & Douglas Counties – Continue efforts to rehabilitate and preserve housing stock in the older areas (Englewood) (p.7)

Longmont Area Comprehensive Plan – Supports goal of housing choice for all persons regardless of income (Goal H-6) and neighborhood revitalization (Goal H-3)

Boulder County Regional Consolidated Plan – Addresses specified housing needs.

Greeley – Comprehensive Plan 2060 – Fulfill "Key Concept" that a full range of housing options that are affordable and attractive is a key quality of life factor (Health, Housing and Human Services)

Colorado Springs Comprehensive Plan – Achieve goal of being a city of neighborhoods with affordable housing (website)

Pikes Peak Area Council of Governments – Fort Carson Regional Growth Plan – Accommodate growth with 70 percent of new troops seeking off-base housing (website)

Pueblo – Pueblo County - Housing Market Analysis – Meet need for workforce housing (p.27)

Grand County - Housing Needs Assessment – Helps achieve priority to provide housing for year round employees (p.77)

Tri-County – Tri-County Housing Needs Assessment - NSP2 will assist in overcoming identified barriers to homeownership (p.36).

Walsenburg – Huerfano County and Las Animas County Housing Needs Assessment – Implements goal to provide full range of housing choices (p.55)

APPENDIX 1 – CENSUS TRACTS

Factor 1: Need/Extent of Problem

a. Target Geography

Denver Metro

Denver

Jurisdiction	CT#	Foreclosure Score	Vacancy Score	Max Score
Denver	0002.01	18	15	18
Denver	0007.01	13	15	15
Denver	0007.02	17	17	17
Denver	0009.04	19	18	19
Denver	0009.05	18	19	19
Denver	0011.01	16	19	19
Denver	0015.00	18	17	18
Denver	0035.00	19	19	19
Denver	0036.01	17	19	19
Denver	0036.02	18	17	18
Denver	0041.01	17	18	18
Denver	0041.02	19	18	19
Denver	0045.01	19	19	19
Denver	0045.02	19	20	20
Denver	0083.03	20	11	20
Denver	0083.04	19	19	19
Denver	0083.05	19	18	19
Denver	0083.06	19	16	19
Denver	0083.11	20	16	20
Denver	0083.12	20	15	20

Englewood (add 3)

Jurisdiction	CT#	Foreclosure	Vacancy	Max Score
		Score	Score	
Englewood	0055.51	18	19	19
Englewood	0055.53	15	14	15
Englewood	0057.00	13	16	16
Englewood	0060.00	13	16	16
Englewood	0062.00	09	09	09
Englewood	0064.00	10	11	11
Englewood	0066.01	13	19	19

Longmont

Jurisdiction	CT#	Foreclosure	Vacancy	Max Score
		Score	Score	
Longmont	0133.06	18	12	18
Longmont	0133.07	08	08	08
Longmont	0134.02	19	14	19
Longmont	0135.01	18	15	18
Longmont	0135.03	19	16	18
Longmont	0135.04	19	9	19

Other Urban

Colorado Springs - Fountain

Jurisdiction	CT#	Foreclosure Score	Vacancy Score	Max Score
Colorado Springs	0011.04	13	16	16
Colorado Springs	0040.09	19	20	20
Fountain	0045.03	19	4	19
Fountain	0045.08	19	18	19
Colorado Springs	0054.00	18	20	20
Colorado Springs	0063.00	20	20	20
Colorado Springs	0064.00	20	16	20
Colorado Springs	0065.02	18	17	18

Greeley

Jurisdiction	CT#	Foreclosur e Score	Vacancy Score	Max Score
Julisuiction	01#	e ocore	Score	
Greeley	0001.00	19	20	20
Greeley	0002.00	18	11	18
Greeley	0004.02	17	20	20
Greeley	0005.00	19	20	20
Greeley	0012.01	18	16	18
Greeley	0013.00	19	19	19

Milliken

Jurisdiction	CT#	Foreclosure Score	Vacancy Score	Max Score
Milliken	0021.00	20	1	20

Pueblo

Jurisdiction	CT#	Foreclosure	Vacancy	Max Score
		Score	Score	
Pueblo	0006.00	20	20	20
Pueblo	00.8000	20	20	20
Pueblo	0010.00	20	18	20
Pueblo	0011.00	20	19	20
Pueblo	0012.00	20	20	20
Pueblo	0014.00	19	19	19
Pueblo	0020.00	20	19	20
Pueblo	0021.00	20	19	20
Pueblo	0022.00	20	19	20
Pueblo	0023.00	19	19	19
Pueblo	0024.00	19	18	19
Pueblo	0025.00	19	19	19

Pueblo County

Jurisdiction	CT#	Foreclosure	Vacancy	Max Score	
		Score	Score		
Pueblo	0029.07	19	5	19	
West					
Pueblo	0029.08	18	1	18	
West					
Pueblo	0029.09	18	1	18	
West					

Rural

Grand County

Jurisdiction	CT#	Foreclosure	Vacancy	Max Score
		Score	Score	
Grand	0002.00	19	19	19
County				

Tri County Housing

Jurisdiction	CT#	Foreclosure Score	Vacancy Score	Max Score
Bent Co.	9867.00	20	20	20
Otero Co.	9876.00	17	7	17
Otero Co.	9882.00	18	19	19
Crowley Co.	9896.00	19	16	19
Otero Co.	9880.00	20	20	20
Otero Co.	9878.00	17	15	17
Otero Co.	9877.00	19	19	19
Otero Co.	9881.00	19	19	19

Walsenburg

Jurisdiction	CT#	Foreclosure	Vacancy	Max Score
		Score	Score	
Walsenburg	9806.00	18	20	20

APPENDIX 2 - DEFINITIONS

NSP2 Notice II. B. 6.

a. Blighted Structure

A blighted structure has one or more of the following conditions:

- (1) Physical deterioration of buildings or improvements;
- (2) Abandonment
- (3) Chronic high occupancy turnover rates or chronic high vacancy rates in commercial or industrial buildings;
- (4) Significant declines in property values or abnormally low property values relative to other areas in the community; or
- (5) Known or suspected environmental contamination.
- (6) The public improvements throughout the area are in a general state of deterioration.

The State also accepts local determinations of blighted structures.

b. Affordable Rents

The maximum Affordable Rents shall not exceed the Fair Market Rents (FMR) as published annually by the U.S. Department of Housing and Urban Development for each county in Colorado. Please refer to Appendix 8: Fair Market Rents (FMR). For annual updates see: http://www.huduser.org/datasets/fmr.html

c. Rehabilitation Standards

NSP2 housing construction must meet the accessibility standards at 24 CFR part 8, be energy efficient, and incorporate cost effective green improvements.

All gut rehabilitation (i.e., general replacement of the interior of a building that may or may not include changes to structural elements such as flooring systems, columns or load bearing interior or exterior walls) of residential buildings up to three stories must be designed to meet the standard for Energy Star Qualified New Homes.

Other rehabilitation must meet these standards to the extent applicable to the rehabilitation work undertaken, e.g., replace older obsolete products and appliances (such as windows, doors, lighting, hot water heaters, furnaces, boilers, air conditioning units, refrigerators, clothes washers and dishwashers) with Energy Star-labeled

products. Water efficient toilets, showers, and faucets, such as those with the WaterSense label, must be installed.

Where relevant, the housing should be improved to mitigate the impact of disasters (e.g., earthquake, hurricane, flooding, fires).

The Colorado NSP2 Program will not be undertaking gut rehabilitation of mid -or high-rise multifamily housing

APPENDIX 3 – DEMOLITION

[From NSP2 Notice, Appendix 1, Paragraph K.1., (a), (b), and (c)]

(a) the number of low- and moderate-income dwelling units reasonably expected to be demolished or converted as a direct result of NSP-assisted activities:

Number – 20 (maximum, likely less)

(b) the number of NSP2 affordable housing units (made available to low-, moderate-, and middle-income households) reasonably expected to be produced, by activity and income level as provided for in DRGR, by each NSP2 activity providing such housing (including a proposed time schedule for commencement and completion); and"

Activity	# units LOW	# units MOD	# units MID	Proposed Start	Proposed Complete
Acq/Rehab SF	23	68	23	01/10	06/11
Rental 1	8	7		1/10	12/11
Rental 2	66	58	22	1/10	6/12
Redevelop	0	0	10	01/10	12/11

(c) the number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.

Number - 93

State of Colorado Neighborhood Stabilization Program 2 - Appendix 4							
Factor 4, Leveraging							
		Application ID Number 977319777					
+		977319777		*Value of			
Name of				Written			
Jurisdiction	Name of Project	Type of Contribution	Source or Provider	Commitment			
City of Colorado I	Milton E. Droby Evergooway		Pikes Peak Rural				
	Milton E. Proby Expressway Project	Nonfederal tax for infrastructure		\$55,400,000			
City of	Tojoot	Tromederar tax for initiatitation	Transportation / taxionty tax	ψου, που, σου			
· ·	Drainage Improvements	General Fund	City of Longmont GF	\$1,115,056			
City of	Street/Transportation						
	Improvements	General Fund	City of Longmont GF	\$12,145,840			
City of		0 15 1	0	*			
Longmont \(\text{V}\) City of	Waterline Improvements	General Fund	City of Longmont GF	\$786,000			
	Other Improvements	General Fund	City of Longmont GF	\$6,361,772			
	Sanitary Sewer	General Fund	City of Eoriginont Of	ψ0,301,772			
	Improvements	General Fund	City of Longmont GF	\$135,525			
City of	•		,	•			
Longmont S	Solid Waste Improvements	General Fund	City of Longmont GF	\$778,068			
			Private funds, available to				
	Bridge Loans and Short-	Loop Fund Conital	finance rehab and gap	¢ E 600 000			
Partners t	term Capital	Loan Fund Capital General Fund Administration/In-	financing	\$5,600,000			
· ·	Administration of NSP2	Kind	City of Walsenburg	\$193,570			
State of	tanimotration of IVOI 2	Nonfederal administrative	ony or maioenizary	Ψ100,010			
Colorado	Staff Services	services/In-Kind	State, nonfederal funds	\$230,855			
State of		Nonfederal administrative					
Colorado (Office Leveraging	services/In -Kind	State, nonfederal funds	\$17,039			
	In-Kind Homebuyer			#00.000			
County City of	Counseling	Local, nonfederal services	Local, nonfederal funds	\$20,200			
	Demolition Costs	Cash	Local, nonfederal funds	\$50,000			
City of				,			
	Line of Credit	U.S. Bank	Private funds	\$750,000			
City of							
5	Line of Credit	Millennium Bank	Private funds	\$1,000,000			
City of	line of Cradit	Voetro Donk	Private funds	#2 000 000			
Englewood L	Line of Credit	Vectra Bank	Private funds	\$3,000,000			
City of Fountain	Aga Park Splash Pad	Infrastructure in target area	Local sales tax	\$575,000			
	LFMSDD Sewage			+ 010,000			
City of Fountain	Treatment Plant	Infrastructure in target area	Local sales tax	\$26,000,000			
	Aspen Diversified						
	Industries, Construction						
	Training, Wounded Warriors	In-Kind Service	Nonprofit funds	\$22,800			
rountain v	Walliois	III-KIIId Selvice	Nonpront lunus	\$22,000			
City of Colorado	Aspen Diversified						
	Industries, Disabled						
		In-Kind Service	Nonprofit funds	\$27,500			
City of Colorado	Annon Diversi L						
	Aspen Diversfied Industries, Part-Time Trainer	In-Kind Service	Nonprofit funds	\$22,399			
ountain h	aicille Hallel	III-MIIU GELVICE	rvoripront runus	φ ∠ ∠,399			
City of Colorado							
Springs/ City of							
Fountain I	Industries, Training Space	In-Kind Space	Nonprofit funds	\$1,400			

Name of Jurisdiction	Name of Project	Type of Contribution	Source or Provider	*Value of Written Commitment
City of Colorado				
	Aspen Diversified Industries			
Fountain	Training Supplies	In-Kind Supplies	Nonprofit funds	\$5,000
0.1 10 1 1				
City of Colorado				
	Aspen Diversified Industries			
Fountain	Curriculum	In-Kind Service	Nonprofit funds	\$1,500
City of Coloredo	Asses Diversified			
	Aspen Diversified			
	Industries, Full-Time Job	la Kiad Camia	None of the state	#F0.000
Fountain	Coach	In-Kind Service	Nonprofit funds	\$50,000
City of Colorado				
City of Colorado				
Springs/ City of	0	la Kind Cania	Daissata Fan Daafit	#000 000
Fountain	General Contractor License	In-Kind Service	Private, For-Profit	\$200,000
City of Lander	School District Donation of	Land denotion in tarret	Local Constal Time!	ФЕО ОСО
City of La Junta	Lanu	Land donation in target area Purchase lots for new	Local, General Fund	\$50,000
0				
City of Las		construction to stabilize	Private Funds (Bent County	***
Animas	Vacant Lots	neighborhood	Development Foundation)	\$20,000
City of Las	Street, Water and Waste			
Animas	Water	Infrastructure in target area	Local, General Funds	\$400,000
Tri-County				
Housing				
Agency (Bent,				
Crowley, Otero		Bank cash for rehab projects in		
Counties)	Cash	target areas	Private Funds, Bank	\$75,000
City of Rocky		Park infrastructure in target		
Ford	Babcock Park Project	area	State, Lottery Funds	\$139,686
City of Rocky		Park infrastructure in target		
Ford	Babcock Park Project	area	Local and Private Funds	\$59,810
City of Rocky				
ford	Adobe Stable Project	Infrastructure in target area	Private Funds	\$6,000
		Park infrastructure in target		
Town of Fowler	Gerard Park Project	area	State, Lottery Funds	\$200,000
		Park infrastructure in target		
Town of Fowler	Gerard Park Project	area	Local, General Funds	\$35,000
		Park infrastructure in target		
Town of Fowler	Gerard Park Project	area	Local, Nonfederal funds	\$5,000
		Park infrastructure in target		
Town of Fowler	Gerard Park Project	area	Private Funds (Fox)	\$500
		Park infrastructure in target		
Town of Fowler	Gerard Park Project	area	Private Funds EPYCS)	\$1,000
		Park infrastructure in target	Private Funds (1st National	
Town of Fowler	Gerard Park Project	area	Bank)	\$6,140
		Park infrastructure in target	Private Funds (Fowler St.	
Town of Fowler	Gerard Park Project	area	Bank)	\$3,000
		Sewer/Water System		
Town of Fowler	Sewer/Water Project	Improvements	State Mineral Impact	\$164,221
		Sewer/Water System		
Town of Fowler	Sewer/Water Project	Improvements	Local, General Funds	\$12,000
		Sewer/Water System		
Town of Fowler	Sewer/Water Project	Improvements	Local, General Funds	\$223,709
	Park School Project	Park	State, Lottery Funds	\$300,000
	Park School Project	Park	State, Historic Funds	\$275,000
	,		Private, Nonprofit (Kenneth	,
Town of Fowler	Park School Project	Park Improvements	King Foundation)	\$2,500
	-,	,	Private, Nonprofit (Anschutz	. ,
Town of Fowler	Park School Project	Park Improvements	Foundation)	\$7,500
				ψ,,000

Name of				*Value of Written
Jurisdiction	Name of Project	Type of Contribution	Source or Provider	Commitment
Town of Fowler	Park School Project	Park Improvements	Local, General Funds	\$180,000
	Capital Improvements			
City of Denver	Project	Infrastructure in target area	Local General Fund	\$2,300,000
Grand County				
Housing				
Authority	Staff Services	In-Kind Services	Local, General Fund	\$16,019
	Colorado Coalition for the	Services to Vulnerable		
Denver,	Homeless Supportive	Populations in target		
	Housing Services and	neighborhoods in Cities of		
Pueblo	Health Care for the	Denver and Englewood and	State, Local and Private	
Counties	Homeless	Pueblo County target areas	Funds	\$500,000
	Replacement of Curb &			
City of La Junta	Gutter	Infrastructure in target area	Local General Fund	\$150,000
City of La Junta	Extend Belmont Street	Infrastructure in target area	Local General Fund	\$200,000
	La Junta Urban Renewal			
	Authority, replacement of			
	curb and gutter in downtown			
City of La Junta	La Junta	Infrastructure in target area	Local General Fund	\$150,000
	Dept. of Housing & Human		Pueblo County General	
Pueblo County	Service	General Fund	Fund	\$130,705
El Paso-				
Fountain	Discount on Services	Architect	Private	\$50,655
El Paso-	D		.	A 4 5 000
Fountain	Discount on Services	Engineer	Private	\$15,200
El Paso-	Discount on Compless	Canaral Cantrastar	Drivete	¢200,000
Fountain El Paso-	Discount on Services	General Contractor	Private	\$200,000
Fountain	ADI/Home Depot	Discount on materials	Private	\$1,500
El Paso-	ADI/I Tome Depot	Discount on materials	IIVate	ψ1,500
Fountain	Adl/Magnum Materials	Discount on materials	Private	\$20,000
El Paso-	7 tai/Wagnam Waterials	Discourt on materials	i iivate	Ψ20,000
Fountain	ADI/KWAL Paints	Discount on materials	Private	\$15,000
	7.12.11.11.11.12.1 4.11.1.12	2 io o o a in a con a io		ψ.0,000
Colorado Dept	Countrywide mortgage			
	Fraud settlement/Colorado	Foreclosure prevention services		
	Foreclosure Hotline	& additional donated funding	State & Private	\$620,000
El Pomar		a additional dericated ranking	otate a r mate	4020,000
Foundation	NSP 2 implementation	Grants	Private	\$25,000
The Daniels	F - 101110111011			Ţ=2,2 00
Fund	NSP 2 implementation	Grants	Private	\$25,000
Total	p 2 1011001001			7=2,200
Leveraging				\$121,074,669

APPENDIX 5 – CITIZEN PARTICIPATION

The State published notice of the proposed NSP2 Application on June 29, 2009, in the Denver Post, a newspaper with state-wide circulation. Comments were invited through July 8, 2009. The State also posted the Application Summary on its website, www.dola.colorado.gov\ARRA\, and advised all parties on its Listserv.

Notice of the application also was published in the Colorado Springs Gazette. Partner agencies posted notice of the proposed application on their websites.

The State received one comment which (below) along with the State's response.

COMMENT:

While I am certainly in favor of programs such as these and applaud the efforts of the NSP2, I have concerns regarding how communities were chosen for the program. I would have liked to have seen a percentage of foreclosures used rather than actual foreclosure numbers in determining which communities received funding. The county I live in has a population of just under 15,000. In 2008, we had 60 total foreclosures for the year. To date, for 2009, we have had 81. Those numbers are significant for a county of our size and NSP2 funding would have been a great assistance and asset in helping with the foreclosure crisis in our county. Whether the numbers range from 1-1000, any foreclosure is a fracture to community structure and I would have liked to have seen NSP2 funding help all communities in crisis and need. **Town of Mt. Crested Butte**

RESPONSE:

The U.S. Department of Housing and Urban Development scored all census tracts in the United States based on a number of objective factors which they refined for Neighborhood Stabilization Program II (NSP2) as "number of foreclosures" and "vacancy rate". In NSP2 (which HUD set up as a competition), qualifying census track scores are 18-20 under either category. Methodology does allow for averaging across census tracts, e.g., if you had four census tracts within the NSP2 application with scores of "20", "20", "19" and "14", the average would be "18.25" and the non-qualifying tract could be included on that basis. That logic applies to the entire application; however, inclusion of many census tracts below "18" may diminish the scoring for "need".

We understand your frustration, since your percentage of foreclosures is high. As you know, percentages are typically better statistically. However, when viewing the "greatest foreclosure needs", the number of foreclosures was deemed by HUD to be a more significant factor. In a rural community, the foreclosure rate can increase dramatically when only one or two foreclosures enter the market. Obviously, with 81 homes in foreclosure, your community is distressed. You can contact Bill Whaley, our Western Slope Housing Development Specialist at (970) 248-7302 or Bill.Whaley@state.co.us to explore possibilities.